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EXTEND EXPORT CONTROL ACT OF 1949



HEARING

BEFORE

SUBCOMMITTEE NO. 1

OF THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 10550

P87-88

MARCH 1, 1960

Printed for the use of the Committee on Banking and Currency

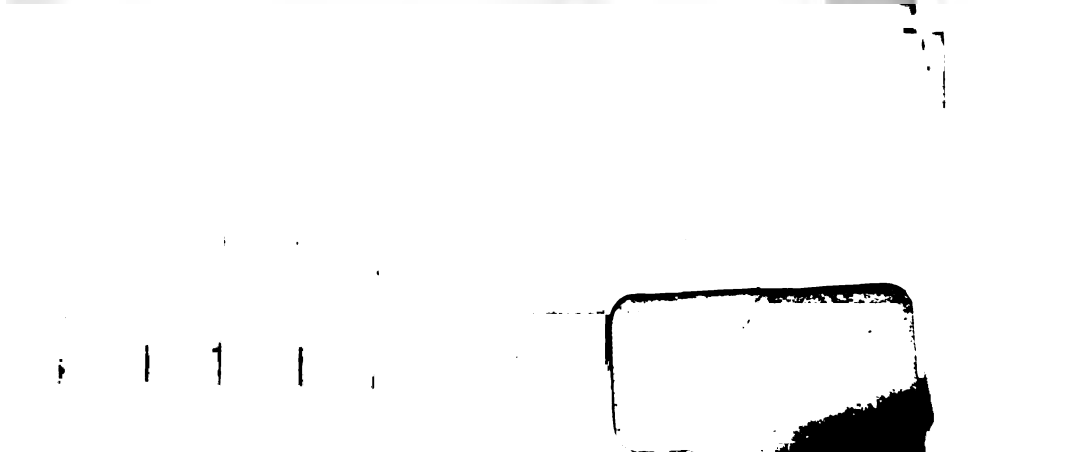


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EXTEND EXPORT CONTROL ACT OF 1949

TUESDAY, MARCH 1, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE NO. 1 OF THE COMMITTEE
ON BANKING AND CURRENCY,
Washington, D.C.

The subcommittee met at 10:20 a.m., Hon. Brent Spence (chairman) presiding.

Present: Representatives Spence (chairman), Brown, Inouye, Barr, Widnall, and Kilburn.

The CHAIRMAN. The committee will be in order.

We are here to consider H.R. 10550, a bill to extend the Export Control Act of 1949 for 2 additional years.

Without objection, H.R. 10550 will appear in the record at this point.

(The bill referred to is as follows:)

[H.R. 10550, 86th Cong., 2d sess.]

A BILL To extend the Export Control Act of 1949 for two additional years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12 of the Export Control Act of 1949 (63 Stat. 7), as amended by Public Law 33, Eighty-second Congress (65 Stat. 43), Public Law 62, Eighty-third Congress (67 Stat. 62), Public Law 631, Eighty-fourth Congress (70 Stat. 407), and Public Law 85-466, Eighty-fifth Congress (72 Stat. 220), is hereby amended by striking out "1960" and inserting in lieu thereof "1962".

The CHAIRMAN. We have Secretary Mueller with us this morning.

If you have a statement, Mr. Secretary, you may read the statement without interruption and then subject yourself to interrogation.

STATEMENT OF SECRETARY OF COMMERCE FREDERICK H. MUELLER, ACCOMPANIED BY BRADLEY FISK, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS; JOHN C. BORTON, DIRECTOR OF EXPORT SUPPLIES; AND ROBERT DODDS, GENERAL COUNSEL, DEPARTMENT OF COMMERCE

Secretary MUELLER. I am appearing here today to urge continuation of authority to control exports of commodities and technical data from the United States for another 2 years. As you know, the Export Control Act of 1949, as amended, which provides the legal basis for control of most exports from the United States, expires June 30 of this year. It is administered in the Department of Commerce by delegation of authority from the President. In our opinion, for reasons which I shall give, it should be extended for another 2 years.

By way of introduction, I call to your attention our 50th quarterly report on export control administration and enforcement which has just been published. You have copies of this report before you. Every 3 months we send a report of this kind to Congress to summarize current control activities. This particular report, in accordance with our usual practice, gives, first, a brief explanation of how export controls are currently being administered and over what articles and commodities; then describes and gives detailed statistical data and other information about licensing actions and actual shipments to the Sino-Soviet bloc—what has been approved and what rejected. And the report concludes with a description of our enforcement and compliance activities.

The Export Control Act, the text of which appears as an appendix to this report, sets forth the congressional policies which govern our administration. Section 2, you will note, provides that export controls shall be used—

to the extent necessary (a) to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand; (b) to further the foreign policy of the United States and to aid in fulfilling its international responsibilities; and (c) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security.

Section 4 of the Export Control Act provides that the official having responsibility for administering export controls—

* * * shall seek information and advice from the several executive departments and independent agencies concerned with aspects of our domestic and foreign policies and operations having an important bearing on exports.

For this purpose, we have established an interdepartmental Advisory Committee on Export Policy, which includes representation from the Departments of State, Defense, Interior, Treasury, Agriculture, and OCDM and CIA. In addition, other agencies are invited to attend whenever their interests are concerned. This Committee in its subcommittee, the so-called Operating Committee, provide a regular, systematic means for assuring that the policies of the Secretary of Commerce in the export control field reflect the views and responsibilities of all agencies of the U.S. Government concerned with our domestic and foreign policies and operations.

At present, you will note we are applying export controls only for necessary national security and foreign policy purposes. Since we were here 2 years ago, we have ceased controlling exports for short supply reasons because there are no important commodities leaving the country in such quantities as to cause any serious shortages to the domestic economy. We believe, however, that this type of control authority should nevertheless be retained in the act as recommended because experience shows that our domestic supply of a commodity can change suddenly. We, therefore, make it a practice to watch carefully any commodities that appear to exhibit such tendencies so that we may always be prepared to institute such controls when circumstances so warrant. For example, we have recently undertaken to obtain reports of shipments of aluminum scrap as they occur, to make sure that excessive amounts of this commodity, so important to our domestic industry, do not leave the country.

As I have said, the main uses of export controls at the present time and for the foreseeable future are to carry out the national security and foreign policy objectives of the act. This type of regulation has,

for the past several years, received our major attention. As stated in our letter of February 17, 1960, to the Speaker of the House, it is the judgment of this Department and, as well, of the Departments of State and Defense, that while there today appear to be some hopeful signs of possible future amelioration of world political tensions, it would be very harmful to our security and foreign policy interests to allow strategic exports to be made from the United States without restriction to the Sino-Soviet bloc, a result that would occur if export controls were permitted to expire next June.

In this connection, I should also explain that we have cooperative arrangements with most of the countries of Western Europe, and Canada and Japan, in maintaining a system of export controls designed to prevent the bloc from acquiring strategically important goods. These arrangements are a means of implementing the provisions of the Mutual Defense Assistance Control Act of 1951, commonly called the Battle Act. As a party to these arrangements the United States must be in a position to regulate exports of such items, either directly or indirectly, to the bloc—a responsibility which is being met by the Export Control Act which the Congress is now being asked to extend.

There have been some recent developments in our administration of controls that will, I believe, be of particular interest to the committee.

One change occurring in 1959 involved a substantial tightening of controls over exports to all destinations of certain types of unpublished technical data and services relating to petroleum and petrochemical plants and processes. At the time, we had before us a number of applications for licenses to export technical data concerning such plants and processes to the U.S.S.R. and certain of its satellites. The facts were that the plants and products which could be made from this technical data have substantial strategic importance; that the technology was chiefly originated and still controlled by American companies; and that the United States was therefore in a position in large measure to retard the expansion of the Sino-Soviet bloc petrochemical industry by controlling the export of technology to free world countries. Accordingly, we rejected the pending applications for shipments to the bloc and, in order to prevent circumvention of this action, we revised our regulations relating to exports of such data to friendly countries to provide that U.S. exporters of these types of technical data must obtain written assurances from the importers that neither the technical data nor the product, machine, equipment, process, plant, or service is intended to be sent to a Sino-Soviet bloc destination. Only on the basis of such an assurance may an exporter now ship these types of technical data or plants derived therefrom to free world importers.

In accordance with our policy of refusing to grant licenses for shipment of strategic technical data to Sino-Soviet bloc countries, we denied during the last quarter of 1959 11 applications for licenses involving processes and plants in the petrochemical field which might have been used to produce materials having extraordinary heat and cold resistance qualities, as well as characteristics essential for various electronic and supersonic applications. The dollar value of these proposed exports could easily have amounted to many millions of dollars.

On the other hand, we will allow technical data of a nonstrategic character to be exported to the European Soviet bloc, consistent with our foreign policy of not interfering with trade with those countries in peaceful goods and services. On this basis, during the last quarter of 1959 we granted applications for licenses to export to the European Soviet bloc technical data relating to such nonstrategic industrial activities as the production of plastics, pulp and paper, rayon tire cord, manufactured gas, reclaiming rubber, phosphoric acid, feed and seed processing, fertilizer, and heating equipment for railway cars. These approved nonstrategic exports also could amount to many millions of dollars, although it is not possible to evaluate them accurately.

During the past 2 years we have continued the U.S. Government policy, first announced in mid-1957, of according favorable treatment to Poland, by simplifying export controls toward Poland and by permitting the licensing of some strategic commodities for shipment to Poland when the kinds and quantities are found to be reasonable and necessary for that country's civilian economy. This is, of course, in accord with our more general foreign policy objective of helping any nation to exercise the freedom and independence desired by its people.

Early in 1959, we added a number of commodities to the list of those which may be exported to Poland without a specific export license. All shipments to other European Soviet bloc countries, with some few exceptions, require prior authorization from my Department. The bulk of our exports to Poland continue to be very largely in the fields of grains, cotton and synthetic fibers and manufactures. However, exports to Poland in other commodity fields have recently been increasing. For example, in the last quarter of 1959 we licensed exports of two civilian passenger airplanes to Poland of a value of \$7,800,000; and in the third quarter of 1959 we licensed a gas generating plant valued at \$128,000 and a glass processing machine worth \$174,000.

To effectuate the President's policy of not unnecessarily interfering with business with the Soviet bloc in peaceful goods, we have permitted some goods found to have no strategic importance to be exported to those countries without specific license approval. As may be seen from table B on page 29 of our 50th quarterly report which is now before you, our exports to Eastern Europe have been increasing, from \$11,245,000 in 1956 to \$112,575,000 in 1958, of which, however, our aforementioned exports to Poland are the largest part. In the first 9 months of 1959 we shipped approximately \$69 million of peaceful goods to those countries, and for the last quarter of 1959 I have the statistics which were not available at the time the report was printed. The additional figures show that to all Eastern European countries there were about \$21 million of exports between October and December 1959.

I want to emphasize, however, that we are continuing our policy of refusing to license strategic commodities or technical data to European Soviet bloc countries. In addition, we are continuing the Government's policy of refusing to license any commodities to Communist China, North Korea, and North Vietnam.

Vigorous enforcement is still a highly important facet of our administration of export controls. Transshipments, through friendly countries, to the Sino-Soviet bloc continue to be of significant concern in our enforcement activities. As shown in the specially prepared statement entitled "Legal Enforcement Activities," copies of which have been provided for the members of the committee, about two-thirds of the investigations which were in process on December 31, 1959, involved reports of transshipments to Sino-Soviet bloc countries. This statement also shows how the Justice Department and we have dealt with such cases over the past 2 years. Those cases which were decided in the last quarter of 1959 are more fully described in our current quarterly report at pages 17-20.

My report on our stewardship of the export control law can, of course, only summarize certain highlights. Officials of our Bureau of Foreign Commerce and General Counsel's Office, who carry out the day-to-day administration of this program, are here with me to answer any questions which you may have about their more detailed activities.

In closing, I would like to say again that we believe the Export Control Act should be extended for another 2 years because these controls are, and in our judgment will continue to be, needed. As we stated in our letter to the Speaker, an extension for that period of time is essential to the efficient administration and enforcement and will give the next Congress an opportunity again to review the program and authorize further extension, if still necessary. If conditions change within the next 2 years, the act itself allows ample flexibility for making any changes that are necessary in the scope and direction of controls. If the controls should at any time cease to be needed, they can be readily terminated either by concurrent resolution of the Congress or by Presidential order under section 12 of the act.

(Documents above referred to entitled "Legal Enforcement Activities" and "Export Control" follow:)

LEGAL ENFORCEMENT ACTIVITIES

Both criminal and civil penalties as well as administrative remedial sanctions may be invoked against violators of export control regulations. Under the Export Control Act violators are punishable by fine and imprisonment. By regulation, provision has been made for denying U.S. export privileges to American and foreign companies and individuals found after administrative hearing to have violated export regulations. In addition, the customs collectors have authority to seize and have forfeited goods attempted to be exported contrary to the export regulations.

This report is concerned with export control enforcement cases handled between January 1958 and December 1959. Earlier cases were reported to this committee at the 1958 hearing on the prior extension of the Export Control Act.

The brevity of the case summaries in the attached lists does not permit an explanation of the detailed factual elements of each case. Accordingly, the various issues of the Federal Register in which departmental administrative orders have been published in full text, must be consulted for additional information on those cases. Records of the Federal courts contain fuller information on the criminal cases. Lists of firms and individuals currently under export denial orders and Federal Register citations together with pertinent orders are regularly published in the Comprehensive Export Schedule issued by the Bureau of Foreign Commerce.

During the period covered by this report, 49 temporary, indefinite, and final export denial orders were issued against more than 110 American and foreign individuals and companies for various kinds of violations of the export regulations, including 40 cases of actual or attempted transshipments to the Sino-Soviet bloc. The other nine cases involved such charges as misuse of export licenses, falsification of shipper's export declarations and other export documents, violations of outstanding suspension orders, and other negligent or willful offenses not related, however, to transshipments to the Sino-Soviet bloc countries.

Orders issued in these cases have barred American exporters from shipping, foreign buyers from receiving, and American and foreign freight forwarders from handling U.S.-origin goods for periods of time ranging up to the entire duration of U.S. export controls. Temporary orders are issued, when necessary, to protect the public interest pending an investigative or administrative proceeding, and to the extent that they have merged in final orders reported herein, they are not separately mentioned. Indefinite orders are issued when companies or individuals fail or refuse to answer questions of the Department regarding their participation in suspected transshipments and remain in effect until the party answers or gives a satisfactory reason for not doing so.

In addition, there are listed 14 more administrative cases now awaiting hearings or decisions and involving over 50 American foreign individuals and companies. Of these, 12 involve charges of actual or attempted transshipments. The names of the parties to these pending cases are omitted because their culpability has not yet been determined.

On December 31, 1959, BFC investigation staff had 112 investigations in process, of which 65 percent involved reports of transshipment, 17 percent smuggling of goods from the United States, 4 percent violations of BFC denial orders, and 14 percent other offenses, principally misrepresentations in connection with obtaining or maintaining in effect official documents relating to exports.

Criminal prosecutions and administrative export denial proceedings are contemplated by the Export Control Act and the regulations issued thereunder. Criminal prosecutions are traditionally for punitive and deterrent purposes. Administrative proceedings are, however, primarily remedial and deterrent in nature, and are designed to protect the integrity of export controls against abuse by denying export privileges to those who, through willful or careless misconduct, have demonstrated their unreliability as shippers, handlers, or recipients of U.S.-origin commodities and technical data. The decision to institute one or the other, or in some cases both of these procedures, depends, among other things, on the gravity of the offense, the intent, past record, and reputation of the offender, and, what is especially significant in this field of international offenses, the availability of the kind and quantity of evidence that is required by Federal courts in criminal cases.

In considering the utility of the criminal sanction as a means of enforcing the Export Control Act, it is important to bear in mind that such cases cannot feasibly be brought against foreign persons not subject to U.S. jurisdiction for prosecution, and that the success of such prosecutions against American parties is substantially limited by the difficulty of producing for appearance and use in our courts the necessary witnesses and documentary evidence as required by our Constitution and laws in criminal cases. Witnesses and documents located in foreign countries are often the only sources of evidence to establish that U.S.-origin goods were transshipped, diverted, or re-exported to the Sino-Soviet bloc, and the identity of the persons responsible therefor. Inability to compel attendance in our courts of such foreign witnesses and the production here of such foreign documentary evidence, by subpoena or otherwise, may make it impossible for the Government to prove a criminal case since hearsay evidence is inadmissible, depositions are confined to very narrow limits, and in some cases only evidence classified for security and foreign policy reasons may be available which could not be used without breach of classification.

Considering that the national security and foreign policy objectives of the act would be frustrated if known transshippers and other violators could not be prevented from continuing to export, handle, receive, and reexport U.S.-origin commodities and technical data, and that administrative export denial proceedings are available for the remedial purpose of protecting the integrity of the export control system against harms from demonstrably unreliable persons, here and abroad, the Department has followed the practice of using such proceedings against foreign violators and against American violators

where criminal prosecution would not be appropriate or could not be successful for the foregoing reasons. While the Department's regulations adopted under the Export Control Act undertake to provide both American and foreign respondents as fair a notice and administrative hearings as is practicable, it must be recognized that it is necessary, for the above reasons, to employ such proceedings even when proof of transshipment and culpable participation cannot be adduced in a form traditionally acceptable in our criminal courts. Thus, these elements of the Government's case may be established by probative hearsay evidence, which is admitted in accordance with general principles of administrative law.

Furthermore, in some cases the only available proof of transshipment and culpable participation may be classified information reported by U.S. intelligence and investigative agencies operating here and abroad. To protect their confidential and secret sources, which are often a foreign governmental nature, it is generally required by law and Executive order, and for national security and foreign policy reasons, that this classified information be used only in such a way that the source will not be identified to the respondent. The Department's practice is to accomplish this by offering in evidence as part of the Government's case an unclassified summary of the classified information, upon a finding by the hearing officer that he has compared the summary with the original classified report, and that he is satisfied that the summary is fair and accurate, omitting only what is required to be kept confidential. The summary is available to the respondent for use in presenting his defense to the administrative charges.

This procedure is deemed to provide the fairest practicable means of using classified information which it is necessary to use to prevent frustration of the national security and foreign policy objectives of the act. The use of such information in this way is deemed to be authorized by the provisions of the Export Control Act, construed in the light of its legislative history, and by the regulations adopted thereunder, as well as by general principles of administrative law applicable to cases involving national security and foreign policy and the use of classified information therein.

The Department has found administrative export denial proceedings to be an effective means of enforcing the Export Control Act because of the substantial economic impact of denial orders on the American and foreign firms affected directly and through the deterrent impact of publicity.

By a separate Federal law the Bureau of Customs is authorized to seize and have forfeited to the United States, commodities attempted to be exported in violation of export controls. This seizure sanction has continued to be applied in appropriate cases and during the past 2 years over 609 seizures were made involving U.S. goods valued at more than \$800,000.

EXPORT CONTROL VIOLATORS, JANUARY 1, 1958-DECEMBER 31, 1959

ADMINISTRATIVE CASES

MACDONALD HALL & Co., LTD., England. One firm. Investigation of suspected diversion to unauthorized destination of U.S.-origin diesel engine spare parts licensed for shipment to Saudi Arabia. Jan-

uary 29, 1958—for failure to answer questions regarding its participation in the transaction, order issued denying trading firm all export privileges until it answers or gives satisfactory reason for not doing so.

N.V. CHEM. TECHIN. INDUSTRIE "TILBURG," et al., Netherlands. One firm and two individuals. Misrepresentations to obtain U.S.-origin borax and boric acid ostensible for the firm's own production, but actually, in one instance, for delivery to another Netherlands firm which had been denied U.S. export privileges for transshipments of borax to the Soviet-Sino bloc, and, in the other instance, for speculative resale. Misrepresentations detected before any goods shipped. January 31, 1958—order issued denying all export privileges for duration of export controls, subject to restoration after 1 year, conditioned on good behavior for duration.

NORTHROP, KING & Co., et al. One U.S. firm and individual, and one British firm. Unauthorized export from United States and transshipment to Sino-Soviet bloc of approximately 1,000 tons of CCC surplus alfalfa seed, and misrepresentation by U.S. firm and individual of destination to make shipment under purported authority of general license GRO. February 15, 1958—order issued by consent of parties denying all export privileges to U.S. firm for 3 months, plus probation for 9 months; to official of U.S. firm for 6 months, plus probation for 6 months; and to British firm for 2 months, plus probation for 10 months.

ANC. ETABL. HOFMAN, et al., Belgium. One firm and individual. Transshipments of U.S.-origin borax, boric acid, and paraffin wax to a Soviet bloc country in knowing disregard of U.S. antidiversion warning notices. Parties also made false statements to U.S. officials during investigation. February 24, 1958—order issued denying parties all export privileges for duration of export controls.

UNIVERSAL LEAF TOBACCO Co., INC., Richmond, Va. One firm. Misrepresentations in license applications and export declarations concerning identity of Hong Kong consignee of U.S.-origin tobacco, actually intended for a Hong Kong firm barred from receiving any U.S. goods without prior authorization of Treasury Department Foreign Assets Controls because of Communist Chinese affiliations, which authorization had not been obtained. March 11, 1958—order issued by consent of firm placing it on probation for 6 months, subject to 6-month denial of export privileges in event of any further violation of export controls during probationary period. Order issued took into account firm's plea of nolo contendere in related criminal prosecution and payment of \$50,000 fine.

FORTIER, et al., Belgium. One firm and individual. False statements made and fictitious documents submitted in attempt to obtain \$1 million of aluminum ingots from United States purportedly for a reputable company in Spain. Misrepresentations detected and shipment not allowed to be made. March 17, 1958—order issued denying all export privileges for duration of export controls.

OLEINE, S.A., et al., Switzerland. One firm and individual. False statements to obtain U.S.-origin drugs and chemicals, ostensibly for free world users, and unauthorized transshipment to Soviet bloc destinations. April 3, 1958—order issued denying parties all export privileges for duration of export controls, subject to restoration after 1 year conditioned on good behavior for duration. December 18, 1959—supplemental order issued revoking probation and denying all export

privileges for duration, on findings that, while subject to the original denial order, the parties had used a front firm to obtain and transship additional U.S. goods to the Soviet bloc and engaged in other prohibited transactions.

RUDY-PATRICK SEED Co., Kansas City, Mo. One firm. Wrongful participation, as joint venturer, in illegal transshipment of CCC surplus alfalfa seed to Soviet bloc countries (see case against Northrup King & Co. et al., above). April 14, 1958—by consent of party, order issued denying all export privileges for 1 month and placing firm on probation for an additional 11 months.

VAN DOORN & Co., N.V., et al. One Netherlands firm and two individuals, and one British firm. Unauthorized transshipment of \$7 million of CCC origin cottonseed oil to U.S.S.R. in knowing disregard of U.S. prohibitions. May 5, 1958—order issued denying all export privileges to one Netherlands individual for 6 months; to Netherlands firm and other Netherlands individual until August 18, 1958; and to British firm until July 4, 1958; and thereafter placing all firms and individuals on probation until 1 year after date of order.

MOHAN ZEE, Hong Kong. One individual. Wrongful participation as "front" in scheme to receive tobacco from U.S. exporter and transfer it to a Hong Kong firm which could not receive U.S. commodities without Treasury Department Foreign Assets Control authorization because of Communist Chinese affiliation. May 8, 1958—order issued denying party all export privileges for 18 months, or as long as he remains a designated China national, whichever period is longer.

STEUERUNGSTECHNIK UND MESSGERATE, G.m.b.H., Austria. One firm. Investigation of suspected transshipment of U.S.-origin scientific research apparatus from authorized destination Austria to Soviet bloc. May 8, 1958—for failure to answer questions regarding its participation in the transaction, order issued denying firm all export privileges until it answers or gives satisfactory reason for not doing so.

SOCIETE GENERALE D'ENTREPRISES MARITIMES "SOGEMAR," S.A., Belgium. One firm. Investigation of suspected diversion of U.S.-origin marine diesel engine spare parts licensed for shipment to Saudi Arabia. May 15, 1958—for failure to answer questions regarding its participation in the transaction, order issued denying forwarding agent all export privileges until it answers or gives satisfactory reason for not doing so. July 21, 1958—questions answered and order terminated.

MARIO FELIX, et al. One Swiss firm and individual. Transshipment of U.S.-origin electronic tubes by freight forwarder to unauthorized destination which forwarder refused to reveal to BFC, in knowing disregard for notice of U.S. export license requirement that the tubes were for ultimate use in West Germany. May 19, 1958—order issued denying all export privileges for duration of export controls.

RICHARD FLESCHNER IMPORT-EXPORT, et al. One West German firm and individual. Knowing misrepresentations to obtain U.S.-origin earthmoving equipment subject to outstanding probation order for prior violation of U.S. export controls. July 9, 1958—order issued revoking probation and denying parties all export privileges for duration of export controls.

KASTENHUBER & LEHRFELD, INC., et al. One New York firm and individual, and one Hong Kong firm and individual. Misrepresentations to obtain licenses to export ballpoint pen materials to Hong Kong

purportedly for use there, with knowledge that Hong Kong consignee would resell for transshipment to Communist China. July 10, 1958—order issued denying U.S. parties, by consent, all export privileges for 6 months. Hong Kong parties denied all export privileges for duration of export controls. On appeal by Hong Kong parties to departmental appeals board, appeal denied.

FIRMA LEO SAVELSBERG, et al. One West German firm and individual. Investigation of suspected transshipment to East Germany of CCC surplus alfalfa seed. July 16, 1958—for failure to answer questions regarding its participation in the transaction, order issued denying seed dealer and its owner all export privileges until they answer or give satisfactory reason for not doing so. December 3, 1958—questions answered and order terminated.

INDUSTRIE-WARENVERKEHR, et al., Austria. One firm and individual. Misrepresentations and unauthorized diversion of U.S.-origin tetraethyl lead, ostensibly for Austrian consumption but diverted to Czechoslovakia. August 4, 1958—order issued denying parties all export privileges for duration of export controls.

FARNER WERKE, et al., Switzerland. Two firms and two individuals. Pending completion of administrative case involving alleged participation in transshipments of U.S. electronic equipment to Communist China. August 11, 1958—temporary order issued denying all export privileges.

BAKANOWSKI CORP., LTD., England. One firm. Investigation of suspected transshipment of \$7 million of U.S.-origin steel sheets and plates to Soviet bloc, exported from United States for ultimate destinations England and Poland. September 23, 1958—for refusal to answer questions regarding its participation in the transactions, order issued denying trading firm's export privileges until it answers or gives satisfactory reason for not doing so.

COMPTOIR EUROPEEN D'EXPORTATION ET D'IMPORTATION [CEEI], France. One firm. Investigation of suspected transshipment of large quantities of U.S.-origin automotive parts to Communist China. October 8, 1958—for refusal to answer questions regarding its participation in the transactions, order issued denying trading firm's export privileges until it answers or gives satisfactory reason for not doing so.

STAUFFER CHEMICAL CO., et al. One U.S. firm and two individuals; one Netherlands firm and individual; and one West German firm and individual. Wrongful shipments of U.S.-origin boric acid to Netherlands with knowledge that a Netherlands firm, then subject of export denial order, was participating in the transaction; and false statements by one U.S. individual in course of investigation. December 9, 1958—order issued placing U.S. firm on probation for 6 months; suspending one U.S. individual for 2 months and other for 5 months and placing them on probation for an additional 5 and 7 months, respectively; suspending German firm and individual for 1 month and placing them on probation for additional 5 months; and publicly censuring Netherlands firm and individual.

ALEJANDRO LOZANO RAMIREZ, et al. Two Mexican individuals. Unauthorized exports of electric cable to Mexico. December 4, 1958—order issued denying one party all export privileges for 6 months and other party for duration of export controls.

PETER MEYNS & Co., et al., West Germany. One firm and individual. Unauthorized transshipment of asphalt mineral (gilsonite) to Communist China by West German trading firm and owner while under suspension for prior transshipments in violation of U.S. export controls. January 29, 1959—order issued revoking probation provided in prior order and denying parties all export privileges for duration of export controls.

PAN MARITIME CARGO SERVICE, INC., et al. One New York firm, and one West German firm and individual. Misuse of export license by U.S. firm to ship auto parts to West Germany with knowledge that German firm intended to transship goods to another country, and falsification of dock receipt to procure acceptance of goods for export without required export declaration. Also, unauthorized transshipment of U.S.-origin auto parts by West German firm and owner, with knowledge of U.S. restrictions. February 3, 1959—U.S. firm denied all export privileges for 2 months; and West German firm and individual denied all export privileges for 9 months and placed on probation for duration of export controls. February 20, 1959—modification order issued reducing term of U.S. firm's denial to 1 month.

SIGMUND-JOSEPH Co., INC., et al. One Philadelphia firm and two individuals. Unauthorized export of auto parts to Brazil, misdescribed as lubricating oil. February 19, 1959—order issued denying firm and owner all export privileges for 1 year, subject to restoration September 1, 1959, conditioned on good behavior; and denying all export privileges to employee for 3 months. Order issued took into account prior related criminal prosecution of the firm and owner, resulting in each being fined \$10,000 and the owner being given a 6-month suspended sentence, and also took into account prior seizure by U.S. customs of the goods involved, following return of goods from Brazil where they had been detained by Brazilian customs.

ENGLER LTD., et al. Two Swiss firms and individuals. Willful transshipments of U.S.-origin metallurgic laboratory apparatus and crankshaft regrinding machines to Communist China in disregard of antidiversion notices on documents covering shipment of the commodities from the United States, and misrepresentations as to destination to obtain the commodities from U.S. exporters. February 26, 1959—order issued denying all export privileges for duration of export controls.

DR. ALFRED BACK KOMMERZGESELLSCHAFT m.b.H. et al., Vienna, Austria. Two firms. Investigation of reported diversion of tin mill black plate to unauthorized destination exported from the United States purportedly for consumption in Poland. March 12, 1959—for refusal to answer questions regarding the disposition of the goods and their roles in the transaction, order issued denying Austrian purchaser and freight forwarder all export privileges until they answer or give satisfactory reason for not doing so.

MAR SHIPPING CORP., New York, N.Y. One firm. Freight forwarder misdescribed commercial exports as personal effects (unaccompanied baggage) on shipper's export declarations to assist foreign customers who were seeking to circumvent their countries' import and export restrictions. March 17, 1959—by consent of party, order issued denying it all export privileges for 1 week and placing it on probation for 4 months.

HOPE INTERNATIONAL Co., Inc., New York, N.Y. One firm. Freight forwarder misdescribed commercial exports as personal effects (unaccompanied baggage) on shipper's export declarations to assist foreign customers who were seeking to circumvent their countries' import and export restrictions. March 17, 1959—by consent of party, order issued denying it all export privileges for 1 week and placing it on probation for 4 months.

RAYTHEON MANUFACTURING Co., et al. One Massachusetts firm and two employees; two British firms. Through negligence of certain employees, U.S. firm shipped television microwave link equipment to British company under licenses authorizing the shipments with England as the ultimate destination despite information indicating the possibility that the equipment might be transshipped to other countries, and failed to put required destination notice on commercial invoices covering these and other shipments. British firm received the goods with knowledge of applicable U.S. export control restrictions and turned them over to its parent which transshipped the goods thereafter to unauthorized destinations. April 2, 1959—by consent of parties, order issued placing U.S. firm on probation for 1 year, suspending one employee for 7 months and placing him on probation for 5 months, and suspending other employee for 6 months and placing him on probation for a further 6 months. Order also denied both British firms, by consent, all export privileges for 6 months and placed them on probation for a further 6 months.

N.V. HANDELMAPISCHAPPIJ DELFT, et al., Netherlands: One firm and individual. Investigation of suspected transshipment of U.S.-origin gilsonite to Communist China. April 6, 1959—for failure to answer questions regarding its role in the transaction, order issued denying freight forwarder all export privileges until it answers or gives satisfactory reason for not doing so.

KRAINZ & Co., Austria. One firm. Investigation of suspected transshipment of U.S.-origin electronic tubes shipped under a license authorizing resale and use only in Austria, and purchased by Krainz from the Austrian consignee. April 13, 1959—for failure to answer questions regarding its disposition of the tubes, order issued denying trading firm all export privileges until it answers or gives satisfactory reason for not doing so.

UITGEVERIJ/BOEKHANDEL PEGASUS, Netherlands. One firm. Investigation of suspected transshipment of U.S.-origin microprint readers to Communist China, shipped from United States purportedly for use in Poland. April 22, 1959—for failure to answer questions regarding disposition of the goods, order issued denying firm all export privileges until it answers or gives satisfactory reason for not doing so. May 21, 1959—questions answered and order terminated.

COFINA, S.A., et al. One Belgian firm and individual; one New York firm and individual. On representations that the goods were for ultimate use in Belgium, BFC issued licenses authorizing the U.S. firm to ship transistors and electronic tubes to a related Belgian concern, which the latter transshipped to the Soviet bloc and other unauthorized destinations. While there was no evidence that the New York firm and its controlling individual were aware of the intentions of the related Belgian parties to transship the goods, the New York parties failed to put destination control statements on their shipping

documents and in one instance shipped certain items to the Belgian firm without the required validated export license. April 28, 1959—order issued denying Belgian firm and controlling individual all export privileges for duration of export controls, and suspending New York firm and individuals for 6 months and placing them on probation for a further 6 months. On appeal to departmental appeals board by U.S. parties, order modified to delete 6-month probation provision.

MAGNA MERCANTILE Co., INC., et al., New York, N.Y. One firm and two individuals. Unauthorized exports of electronic tubes and transistors to Italy, in some instances by misrepresenting goods as exportable under general licenses, and in other cases by smuggling goods from the United States. May 18, 1959—order issued denying parties all export privileges for 1 year, subject to restoration after 2 months, conditioned on good behavior for balance of year.

SCHWARZINGER & Co. INTERNATIONALE SPEDITIONS G.m.b.H., Austria. One firm. Investigation of suspected transshipment of U.S.-origin neoprene synthetic rubber shipped ostensibly for Switzerland, but reportedly forwarded to a Soviet bloc destination. May 29, 1959—for failure to answer questions regarding its role and that of others in the handling and ultimate disposition of the goods, order issued denying freight forwarder all export privileges until it answers or gives satisfactory reason for not doing so.

F. H. BERTLING, West Germany. One firm. Freight forwarder handled transshipment of one lot of U.S. borax to East Germany and attempted to assist in transshipment of another lot to the same unauthorized destination, in knowing disregard of destination notices on bills of lading covering the shipments from the United States indicating that the material had been licensed by the United States for ultimate use in Sweden. July 16, 1959—order issued denying party all export privileges for duration of export controls.

ABOU HADID FRERES, Syria. One firm. Investigation of suspected attempt to transship U.S.-origin lubricating oil from Syria to Communist China. July 21, 1959—for failure to answer questions regarding the basis for the firm's representations to BFC to induce issuance of an export license, order issued denying trading firm all export privileges until it answers or gives satisfactory reason for not doing so.

ORIENTAL TRADING Co., LTD., et al., Japan. One firm and two individuals. Investigation of alleged transshipment to U.S.S.R. of U.S.-origin electron microscope exported from the United States for use in Japan. July 31, 1959—temporary order issued against Japanese importer and responsible officials denying all export privileges pending completion of investigation and outcome of administrative proceedings which were still pending and undetermined at end of period covered by this report.

AGENCIA COMMERCIAL "PROGRESSO," et al., Hong Kong. One firm and individual. Willful transshipment of U.S.-origin gilsonite to Communist China purchased by Hong Kong firm from West German firm with knowledge that U.S.-origin goods are barred from shipment to Communist China. August 4, 1959—order issued denying trading firm and owner all export privileges for duration of export controls. Thereafter, appeal filed with departmental appeals board which was pending and undetermined at close of period covered by this report.

ALF TOMSEN & Co., et al., West Germany. One firm and, individual. Willful transshipment of U.S.-origin electronic equipment to Hungary and other unauthorized destinations and false representations to obtain and attempt to obtain commodities from the United States August 28, 1959—order issued denying trading firm and controlling individual all export privileges for duration of export controls.

RO-NARD, INC., et al. One New York firm and individual, and one Uruguayan individual. Investigation of alleged unauthorized exports of electronic equipment to Latin American destination by use of couriers to take equipment out of the United States presumably as personal effects. October 5, 1959—temporary order issued to halt any further unlicensed traffic by the parties. October 30, 1959—temporary denial order vacated following hearing, upon conclusion that preliminary restraint not necessary.

KARL L. LACHNIT, Austria. One individual. Investigation of suspected transshipment to an unauthorized destination of tin mill black plate rejects exported from United States for use in Austria. October 5, 1959—for failure to give adequate answers to questions regarding the ultimate destination of the material and party's role in the transaction, order issued denying this trader all export privileges until he answers or gives satisfactory reason for not doing so.

PORN & DUNWOODY, LTD., England. On firm. Investigation of reported transshipments to unauthorized destinations of U.S.-origin roller bearings and diesel engine parts. October 14, 1959—for refusal to answer questions regarding the facts of the transactions, order issued denying this trading firm all export privileges until it answers or gives satisfactory reason for not doing so.

BAKELY DISTRIBUTORS LIMITED, et al., England. One firm and two individuals. Unauthorized reexports to Communist China of U.S.-origin metal gages and a microtome knife sharpener shipped from United States for use in Poland. November 13, 1959—order issued denying trading firm and responsible directors all export privileges for duration of export controls.

MAISON A. BARBER, et al., Belgium. One firm and individual. Unauthorized transshipments to Communist China of electronic tubes shipped from the United States for use in Belgium. December 8, 1959—order issued denying trading firm and owner all export privileges for duration of export controls.

BIO CHEMISCHE INDUSTRIE, et al., Switzerland. One firm and individual. To aid suspended Swiss firm (*Oleine* case, see above) to continue to obtain U.S.-origin goods for illegal transshipment to Sino-Soviet bloc, the named firm and its owner knowingly allowed themselves to be used as a front and enabled the suspended firm to obtain U.S.-origin neoprene for diversion to East Germany. December 18, 1959—order issued denying firm and owner all export privileges for duration of export controls, in addition to extending for the duration the existing denial order against *Oleine* and its owners.

MINTHORNE INTERNATIONAL Co., INC., et al., New York, N.Y. One firm and individual. Unauthorized export of electronic tube to West German firm with knowledge that BFC would not issue required validated license to ship the tube to that firm because of its illicit East-West trade activities, and false statements in export documents to make shipment under pretended authority of a general license.

December 31, 1959—order issued by consent of parties placing firm on probation for 1 year, suspending individual for 6 months and placing him on probation for a further 6 months.

Order took into account conviction and sentence in prior criminal proceeding involving same offense (see below).

LABECO A/B, et al. Six Swedish firms and three West German firms. Investigation of alleged conspiracy to procure materials exported from the United States and transship them to unauthorized destination contrary to conditions of U.S. export licenses. December 31, 1959—order issued temporarily denying trading firms and their affiliates all export privileges pending completion of investigation and administrative hearing of case.

ADMINISTRATIVE CASES AWAITING HEARING OR DECISION

Names are omitted from the following pending administrative cases which have not yet been heard or decided:

Case No. 1. One French firm and individual, and one Swiss firm. Alleged misrepresentations regarding end use and ultimate destination of auto parts, ostensibly for Western European countries but actually transshipped to Soviet bloc destinations. Awaiting hearing.

Case No. 2. Two Swiss firms and three individuals. Alleged transshipments to Communist China of U.S.-origin electronic equipment licensed for export to Spain, through Switzerland, and false representations to induce issuance of U.S. export licenses. Awaiting decision.

Case No. 3. One New York firm and individual. Alleged unauthorized exports to Switzerland of machine tool parts and bearings, electronic tubes, oscillographs, transformers, and recording cameras without required validated export licenses, by misdescription and undervaluation in shipper's export declarations to permit exportation from the United States in the guise of commodities exportable under general license. Awaiting decision.

Case No. 4. One Swiss firm. Alleged transshipment to unauthorized destination of U.S.-origin transistors, licensed for export to Finland, and alleged attempt to obtain U.S.-origin pulp stones for Communist China. Awaiting decision.

Case No. 5. One West German firm and two individuals. Alleged disposition to third person, for attempted transshipment to Soviet bloc, of U.S.-origin earthmoving machine licensed by United States for export for display purposes at West German Fair. Awaiting decision.

Case No. 6. One New York firm and two individuals. Alleged unauthorized exports of electronic tubes to Belgium without required validated export licenses, by misdescription and undervaluation in shipper's export declarations, to permit shipment in the guise of commodities exportable under general licenses. Awaiting decision.

Case No. 7. One British firm. Alleged reexportations to Communist China of U.S.-origin antibiotics, obtained through Western European intermediaries, with knowledge of U.S. restrictions against direct or indirect shipments to China. Awaiting hearing.

Case No. 8. One Japanese firm and three individuals. Alleged unauthorized reexport to U.S.S.R. of U.S.-origin electron microscope despite knowledge of U.S. restrictions, and misrepresentations as to

Japanese end use to obtain delivery of the commodity. Awaiting decision.

Case No. 9. Two Swedish firms and one individual, and one French firm and individual. Alleged unauthorized diversion to Soviet bloc of U.S.-origin borax, licensed by United States for ultimate use in Sweden, and false representations to obtain same from United States. Awaiting hearing.

Case No. 10. One Austrian firm and two individuals, and one Liechtenstein firm. Alleged diversion to unauthorized destination of U.S.-origin power pumps and lubricant tester exported from United States for use in Austria, and misrepresentations to obtain same from United States and to frustrate investigation. Awaiting hearing.

Case No. 11. One Swiss firm. Alleged unauthorized transshipment to Soviet bloc of U.S.-origin steam generators shipped from United States purportedly for use in Switzerland. Awaiting hearing.

Case No. 12. Two New York firms and four individuals; one Miami firm and individual; two Cuban firms and two individuals; and one Swiss firm and two individuals. Alleged scheme to transship U.S.-origin electronic materials to Swiss parties by routing goods through Cuban intermediaries who were ostensible ultimate consignees, to smuggle good from United States, and to misdescribe and undervalue goods to facilitate exports from United States under purported authority of general licenses. Awaiting hearing.

Case No. 13. One Swiss firm and individual. Alleged attempted unlawful exportation as baggage of commercial quantity of electronic items, without required export license and without filing required shipper's export declaration. Awaiting hearing.

Case No. 14. Two Hong Kong firms and individuals. Alleged unauthorized reexportations to Communist China of U.S.-origin calculating machines, exported to Hong Kong under licenses issued on basis of representations that commodities would not be sold for use outside Hong Kong. Awaiting hearing.

CRIMINAL CASES (ALREADY CONVICTED OR AWAITING TRIAL)

Pending at January 1, 1958

BELIMEX CORP., et al. One New York corporation and one Belgian individual. Alleged misrepresentations in license applications and shippers' export declarations that roller bearings were destined for Belgium although actually intended for Czechoslovakia. Indicted Southern District, New York, May 1951. Corporation dissolved. Belgian individual cannot be tried as he has departed from United States.

DAVID ZETLAND CORP., et al. One New York corporation and individual. Alleged false representations in license applications and shipper's export declarations to export roller bearings, ostensibly to Belgium, but intended for and actually diverted to Switzerland. Two informations filed District Court, Pennsylvania, January 1952. The individual defendant has fled from the United States. The corporation defendant cannot be tried in his absence.

CHING SEN LEE, et al. Two New York individuals. Alleged false representations in license application and shipper's export declara-

tion as to identity of ultimate consignee and destination of tinplate shipments, and trafficking in export licenses. Indicted Southern District, New York, July 1952. One defendant is fugitive from justice and other defendant has not been tried in his absence.

SEALED INDICTMENT. One New York individual. Alleged unlawful export of a chemical to Switzerland with knowledge that consignee intended to transship to U.S.S.R. Indictment issued August 1951, in Southern District, New York, but not served or published because of inability of Government to induce key witness in Switzerland to come to United States to testify.

ISRAEL DAVID, Long Beach, N.Y. One individual. Unlicensed export of wood pulp to Canada with intent to reexport to Italy. Southern District, New York, October 18, 1956, indictment issued. October 21, 1958, indictment dismissed on motion of U.S. attorney on ground defendant has voluntarily and permanently left the United States in lieu of being deported under Immigration and Naturalization Service order.

JOSE BENCHIMOL, et al. One New York individual and one Argentinian individual. Alleged unlicensed exports of Salk vaccine to Argentina. Eastern District, New York, January 18, 1957, one defendant arrested and later indicted. March 14, 1957, on complaint filed, second defendant arrested and placed on bond pending consideration of the case by a grand jury. September 2, 1959, five-count information filed against second defendant. Case not yet brought to trial.

JACK KIPER. One New York individual. Attempt to smuggle industrial diamonds from United States without required validated license. Eastern District, New York, November 14, 1957, defendant arraigned before commissioner and bail set at \$3,500. July 2, 1958, on plea of guilty, defendant sentenced to 1 year on probation.

SIGMUND JOSEPH Co., Inc., et al., Philadelphia, Pa. One corporation and four individuals. Alleged misrepresentations in export license application and shipper's export declaration, and alleged wrongful export to South America of commodities not authorized by validated license. District Court, Pennsylvania, December 2, 1957, indictment issued. April 3, 1958, corporation and principal individual defendant pleaded guilty to certain counts of the indictment. The corporation and individual were each fined \$10,000 and the individual was sentenced to 6 months' imprisonment suspended for 3 years on good behavior. Case dismissed as to other defendants on motion of U.S. attorney.

Cases commenced after January 1, 1958

UNIVERSAL LEAF TOBACCO Co. One Virginia corporation. Misrepresentations in shipping documents to export tobacco to a designated China national in Hong Kong by concealing identity of the consignee, contrary to Export Control Act and Trading With the Enemy Act. District Court, Virginia, February 27, 1958, on plea of nolo contendere, company fined \$50,000.

PIEDMONT LEAF TOBACCO Co., Inc. One North Carolina corporation. False statements in export license applications and shipper's export declarations to ship tobacco to designated China national in Hong Kong by concealing identity of the consignee, contrary to Export Control Act and Trading With the Enemy Act. December 12,

1958, information filed, District Court, North Carolina, December 12, 1958, on plea of nolo contendere, company fined \$12,500.

JOHN H. DRESS. One New York individual. Unlicensed exports of electronic equipment to West German firm denied export privileges by outstanding suspension order, and false statements in shipper's export declarations to accomplish same. February 5, 1959, indictment issued Eastern District, New York. May 25, 1959, on plea of guilty to certain counts of indictment, defendant fined \$3,000 and placed on probation for 18 months.

MINTHORNE INTERNATIONAL CO., INC., et al. One New York firm and individual. Unauthorized export of electronic tube to West German firm with knowledge that validated license would not be issued for shipment to that firm because of its illicit East-West trade activities, and misrepresentations in shipper's export declaration to accomplish same under pretended authority of general license. April 29, 1959, indictment issued Southern District, New York. On not guilty pleas, trial held, November 16-17, 1959. December 8, 1959, parties found guilty; corporation fined \$5,000, individual sentenced to 60 days in jail.

WALTER BLUM. One Swiss individual. Attempted unlicensed export of electronic equipment as baggage, and failure to file required shipper's export declaration. July 23, 1959, information filed., Eastern District, New York. July 27, 1959, on plea of guilty, defendant fined \$1,500.

EXPORT CONTROL



Fiftieth Quarterly Report
(Fourth Quarter 1959)

BY THE SECRETARY OF COMMERCE
TO THE PRESIDENT
THE SENATE
AND HOUSE OF REPRESENTATIVES

Letter of Transmittal

FEBRUARY 15, 1960.

THE PRESIDENT,
THE HONORABLE PRESIDENT OF THE SENATE,
THE HONORABLE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIRS: I have the honor to submit herewith the Fiftieth Quarterly Report, covering the fourth quarter 1959, as required under the Export Control Act of 1949.

Respectfully submitted:

A handwritten signature in cursive script, reading "Frederick A. Haller". The signature is written in dark ink and is positioned above the typed name.

Secretary of Commerce.

I

Introduction

"It is the policy of the United States to use export controls to the extent necessary (a) to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand; (b) to further the foreign policy of the United States and to aid in fulfilling its international responsibilities; and (c) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security." (Sec. 2, Export Control Act of 1949, as extended by Public Law 85-466, 85th Cong.)

Export controls as administered by the Department of Commerce are basically of two types—"short supply" export controls, and "security" export controls. Although short supply controls primarily relate to part (a), and security controls part (c), of the above extract of the Export Control Act, both controls reflect appropriately established United States foreign policy and international responsibilities.

Security export controls include an embargo to Communist China, North Korea and north Viet Nam, and broad controls to the U.S.S.R. and other Soviet bloc countries in order to control direct shipments of United States products to these destinations. Controls to the free world countries cover only a highly selective list of goods, the control of which is necessary to prevent the unauthorized diversion of free world security goods to the Soviet bloc, and to prevent the frustration of United States controls over shipments to Soviet bloc destinations.

All commercial exports from the United States and from its Territories and possessions, except to Canada, are prohibited unless the Department of Commerce has either issued a "validated license" or established a "general license" permitting such shipments.

A validated license is a formal document issued to an exporter by the Department. It authorizes the export of commodities within the specific limitations of the document. It is based upon a signed application submitted by the exporter.

A general license is a broad authorization issued by the Department of Commerce which permits the export of some commodities under specified conditions without requiring the filing of an application by the exporter. Neither the filing of an application nor the issuance of a license document is required in connection with any general license. The authority to export in such an instance is given in the *Comprehensive Export Schedule*, published by the Department of Commerce,

which specifies the conditions under which each general license may be used.

Export license applications for commodities under short supply export control are generally not approved for Soviet bloc destinations.

The "Positive List of Controlled Commodities" is a list of commodities controlled by the Department of Commerce for either short supply or security reasons. This list is maintained on a current basis, and identifies the commodities which require a validated export license for shipment to stated destinations.

Exports to Poland require validated licenses for a small number of specified non-Positive List commodities, in addition to all Positive List items.

All Positive List commodities, and all non-Positive List goods except certain specified general license commodities,¹ require validated licenses for shipment to the U.S.S.R. and other Eastern European destinations (not including Poland and Yugoslavia); to Communist China, North Korea, and other Communist-controlled areas in the Far East; and to Hong Kong and Macao.

The Department of Commerce, through its Bureau of Foreign Commerce, exercises control over all exports from the United States, except for:

1. Commodities for the official use of or consumption by the Armed Forces of the United States, and commodities for general consumption in occupied areas under their jurisdiction, when the transport facilities of the Armed Forces are used to carry such shipments.

2. Commodities exported by the Department of Defense pursuant to section 414 of the Mutual Security Act of 1954.

3. Arms, ammunition, implements of war, helium and technical data relating thereto, which are licensed by the Department of State.

4. Gold (except fabricated gold with a gold content value of 90 percent or less) and narcotics, which are licensed by the Treasury Department.

5. Source material, "byproduct material," special nuclear material, and facilities for the production or utilization of special nuclear material (except components for such facilities, which are licensed for export by the Bureau of Foreign Commerce), and technical data relating thereto, which are licensed by the Atomic Energy Commission.

6. Vessels, other than vessels of war, which are licensed by the U.S. Maritime Administration.

7. Natural gas, which is licensed by the Federal Power Commission.

Exports to Territories and possessions of the United States are not subject to export control. United States exports to Canada do not require validated export licenses.

¹ Certain specified nonstrategic and non-Positive-List commodities which are listed in the *Comprehensive Export Schedule* and which may be shipped under general licenses (i. e., "GLSA" to Eastern Europe destinations, not including Poland; "GEX" to Hong Kong and Macao; etc.).

II

Security Export Controls

*Trade with Eastern Europe*¹

During the year 1959, the Department processed export license applications to export materials and equipment to Eastern European countries with a total value of \$100,260,866—almost double the value of applications processed in 1958, which was \$54,181,000. Of those processed, applications approved in 1959 were valued at \$55,859,506 compared to those approved in 1958 valued at \$33,868,000. Applications rejected for export in 1959 were valued at \$44,401,360 compared with those rejected in 1958, valued at \$20,313,000.

During the fourth quarter 1959 the Department approved applications for export licenses to Eastern European countries valued at \$30,540,081, compared with approvals in the third quarter of \$11,445,569. This represents an increase in export license approvals of \$19,094,406 over the preceding quarter and of \$20,326,975 over the fourth quarter 1958. Rejected applications in the fourth quarter 1959 totaled \$1,427,630, compared with \$16,722,377 in the third quarter 1959, and \$5,792,000 in the fourth quarter 1958. The total value of export license applications processed by the Department in the fourth quarter was \$31,967,711 compared with \$28,167,946 in the third quarter 1959, and \$16,005,000 in the fourth quarter 1958.

Of applications, valued at \$206,827, rejected for export to the U.S.S.R. in the fourth quarter 1959, the major items were: fluorinated hydrocarbons, \$28,615; synthetic rubber, \$95,056; helium cryostat and accessories, \$33,755; and insulated shipping containers, \$18,400.

Items rejected for export to other Eastern European countries, with a total value of \$1,220,909 included: borax, boric acid and razorite to Czechoslovakia, \$156,618; polyethylene to Bulgaria, East Germany and Rumania, \$442,361; synthetic rubber to Bulgaria, Czechoslovakia and Rumania, \$174,030; gravity meters to Poland, \$19,800; and molybdenum concentrates to East Germany, \$392,000.

Among the commodities approved for export to Eastern European countries during the fourth quarter 1959 were: textile mill to U.S.S.R., \$17,000,000; passenger airplanes to Poland, \$7,800,000; isobutyl alcohol to U.S.S.R., \$746,000; sulphur to Czechoslovakia, \$690,000;

¹ The term "Eastern Europe" as used throughout this report is employed in a special sense, and is defined to include the following countries: Albania, Bulgaria, Czechoslovakia, East Germany (including Soviet sector of Berlin), Estonia, Hungary, Latvia, Lithuania, Poland (including Danzig), Rumania, and the U.S.S.R.

tobacco to Czechoslovakia, East Germany and Hungary, \$600,223; farm machinery to U.S.S.R. and Rumania, \$437,363; and styrene monomer to U.S.S.R., \$420,750.

During the fourth quarter 20 export license applications for the shipment of technical data to Eastern European destinations were approved. For the most part these applications were submitted in order to provide quotations or offers pursuant to requests received directly from Soviet bloc countries or from free world countries wishing to make quotations or offers, based on using U.S. origin technical data, requested of them by the Soviet bloc countries. The preparation of offers or quotations in themselves frequently involves substantial expenditures and the U.S. applicants wished to determine the general attitude of the Government toward such an eventual export prior to incurring such expenses. Since the eventual payment for the technical data that would be provided if a contract were negotiated depends almost wholly on the extent to which the contract covers technical data (including training and operating instructions), design, engineering and construction services, and materials and equipment, it is practically impossible to estimate the dollar value such exports might constitute. However, since these applications concerned technical data related to such industrial activities as the production of plastics, pulp and paper, tire cord, manufactured gas, reclaiming rubber, phosphoric acid, feed and seed processing, fertilizer, textile, TV glass tubes, stationary power boilers, silicon carbide varistors, and heating equipment for railway cars, the eventual value could easily amount to many millions of dollars.

Also, during the fourth quarter 11 export license applications for the shipment of technical data to Eastern European countries were denied. All these applications involved processes and plant in the petro-chemical field and specifically covered such items as ethylene glycol and oxide, polyethylene, and maleic and phthalic anhydride. As in the case of the approved applications, the dollar value of such exports, if permitted and contracts were negotiated, could also easily amount to many millions of dollars.

Actual U.S. exports to the U.S.S.R. and other Eastern European countries for the third quarter 1959 were valued at \$40,078,000, representing 0.9 percent of total U.S. exports for this same period, and are substantially higher than the previous quarter total of \$9,996,000. This increase is accounted for by the seasonal exports to Poland of grains, cotton and synthetic fibers and manufactures, and is comparable to the fourth quarter 1957 following the modifica-

tion of Polish export controls, and to the third quarter 1958, when exports reached a total of \$45,408,000 and \$44,701,000 respectively.

Imports from the same Eastern European countries in the third quarter 1959 were \$21,289,000, representing 0.6 percent of total U.S. imports, compared with \$18,523,000 in the second quarter 1959 and \$19,784,000 in the third quarter 1958.

Table 1. Dollar Value of Export License Applications Processed and Issued, and of Actual Exports, to U.S.S.R. and Eastern Europe, Quarterly, 1952-59.

(Thousands of dollars)

Quarter	Total processed	Licenses issued	Actual exports (including reexports)
1952:			
First quarter.....	1,362	1,289	215
Second quarter.....	1,066	785	216
Third quarter.....	578	498	242
Fourth quarter.....	1,401	1,140	420
1953:			
First quarter.....	491	390	816
Second quarter.....	100	94	394
Third quarter.....	114	109	115
Fourth quarter.....	2,044	2,043	451
1954:			
First quarter.....	¹ 42,142	4,011	330
Second quarter.....	4,473	3,097	463
Third quarter.....	3,661	1,340	850
Fourth quarter.....	17,987	² 10,355	³ 4,478
1955:			
First quarter.....	¹ 30,911	4,968	⁴ 2,979
Second quarter.....	4,203	4,006	2,065
Third quarter.....	4,830	2,778	1,061
Fourth quarter.....	1,809	1,625	948
1956:			
First quarter.....	3,915	3,582	3,194
Second quarter.....	4,301	4,116	3,615
Third quarter.....	19,555	⁵ 9,983	2,016
Fourth quarter.....	7,006	6,380	2,428
1957:			
First quarter.....	20,499	⁶ 16,435	5,718
Second quarter.....	21,637	⁷ 19,435	5,190
Third quarter.....	25,932	25,109	30,780
Fourth quarter.....	16,067	6,442	45,408
1958:			
First quarter.....	19,132	5,153	21,418
Second quarter.....	5,909	5,563	25,491
Third quarter.....	13,135	12,939	44,701
Fourth quarter.....	16,006	10,213	20,904
1959:			
First quarter.....	21,800	6,627	13,878
Second quarter.....	15,326	7,247	9,996
Third quarter.....	28,168	⁸ 11,446	40,078
Fourth quarter.....	31,968	30,640	n.a.

¹ See Thirty-first Quarterly Report, pp. 7-8, for an explanation of the sharp rise in the value of license applications received in the first quarters of 1954 and 1955.

² Includes \$5,152,000 of food grains, medicinals, and insecticides licensed under the President's flood relief program for the Danube Basin.

³ Includes \$3,227,000 of food grains and agricultural insecticides shipped to Hungary, Czechoslovakia, and East Germany under the President's flood relief program for the Danube Basin.

⁴ Includes \$1,511,000 of corn and \$5,000 of aureomycin shipped to Czechoslovakia and Hungary in January 1955 under the President's flood relief program for the Danube Basin.

⁵ Includes \$3,200,000 of butter, beans, corn and wheat licensed to Hungary in July 1956 under the President's relief program to relieve distress in Eastern Europe caused by severe winter weather.

⁶ Includes \$4,075,643 of relief shipments licensed to Hungary under United States Government International Cooperation Administration programs, and \$632,400 of relief shipments under auspices of the American Red Cross and other nongovernmental relief organizations and private individuals.

⁷ Includes \$1,392,975 of relief shipments licensed to Hungary under United States Government International Cooperation Administration programs, and \$113,859 of relief shipments under auspices of the American Red Cross and other nongovernmental relief organizations and private individuals.

⁸ Includes \$1,447,679 of goods and equipment licensed for the U.S. National Exhibition in Moscow.

n.a.—Not available.

Table 2. Commodities Licensed for Export to Eastern European Destinations in the Fourth Quarter—1959—Continued

Country and commodities	Value in dollars	Country and commodities	Value in dollars
Rumania—Continued		U.S.S.R.—Continued	
Bearings and parts.....	\$806	Centrifuges.....	\$70,000
Conveying equipment.....	10,504	Diesel engines.....	3,720
Industrial sewing machine parts..	700	Heat exchangers.....	40,300
Oil burners.....	19,383	Industrial instruments.....	63,702
Printing apparatus.....	11,010	Industrial scales.....	3,460
Other industrial equipment.....	96	Industrial sewing machine parts..	1,060
Auto and truck parts.....	1,455	Insulated shipping containers.....	10,367
Farm machinery.....	42,418	Photographic line composing machines.....	216,711
Electronic tubes.....	8	Plastic processing equipment.....	95,076
Aviation engine oil.....	195	Pressure relief valves.....	2,640
Gift parcels.....	441	Rubber container.....	1,206
Powered lawn equipment.....	941	Testing and inspecting machinery and parts.....	7,329
Other.....	168	Textile machinery.....	32,395
Total.....	344,249	Tow crimpers.....	33,500
U.S.S.R.:		Textile mill.....	17,000,000
Oat seed.....	3,800	Wood pulp presses.....	239,400
Sorghum seed.....	996	Valves.....	8,300
Soybean seed.....	1,400	Other industrial equipment.....	2,809
Wheat seed.....	10,215	Auto and truck parts.....	3,214
Other agricultural and forest products.....	1,665	Crawler tractors.....	51,000
Antibiotic feed supplements.....	900	Farm machinery.....	394,945
Medical and dental equipment.....	141	Incubators.....	34,010
Surgical equipment and supplies.....	10,268	Tires and tire repair materials.....	3,980
Chemical reagents.....	723	Trenching machines.....	5,772
Epichlorohydrin.....	73,400	Radio and parts.....	154
Ethyl selenae.....	4,050	Magnetic tape.....	2,600
Isobutyl alcohol.....	745,900	X-ray tubes and parts.....	24,375
Maleic anhydride.....	18,519	Other radio, TV, electronic equipment.....	1
Monoethanolamine.....	30,755	Aluminum oxide pulpstone.....	103,270
Polypropylene.....	2,709	Aluminum pipe.....	1,300
Phosphoric acid catalyst.....	32,547	Steel pipe and fitting.....	60,900
Rubber processing chemicals.....	45	Aviation engine oil.....	3,480
Styrene monomer.....	420,750	Aviation gasoline.....	156
Synthetic rubber.....	3,628	Photocopying equipment.....	11,155
Other chemicals and plastics.....	223	Film.....	3,239
Glassware washer.....	2,480	Gift parcels.....	359
Ammonia synthesis reactors.....	3,642	Saran wrap.....	4,800
Air conditioning controls and parts.....	509	Other.....	601
Conveying equipment.....	3,810	Total.....	19,920,440
Centrifugal pumps.....	5,100		

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1958, and January–September 1959

[Thousands of dollars]

Commodity	1947	1957	1958	Jan.–Sept. 1959
TRADE WITH CZECHOSLOVAKIA				
Exports, total.....	49,094	2,004	1,476	1,587
UNERA ¹	14,496			
Horsemeat.....	2,334			
Meat, other, and meat products.....	660			
Lard.....	2,879			
Dairy products.....	236			
Seed corn, except sweet seed corn.....		38	57	67
Wheat and wheat flour.....	2,129			
Hides and skins, raw, except furs.....	226	17	107	81
Leather and manufactures.....	329			
Furs and manufactures.....	760			
Tallow, inedible.....		195	2	
Pearl essence.....		62	20	
Rubber and manufactures.....	4,116	126	59	2
Rosin and other naval stores.....	860	90	83	109
Soybeans.....			187	

See footnotes at end of table.

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1959, and January–September 1959—Continued

(Thousands of dollars)

Commodity	1947	1957	1959	Jan.- Sept. 1959
TRADE WITH CZECHOSLOVAKIA—Continued				
Vegetable oils and fats, inedible.....	1, 637	279		
Seeds, except oilseeds.....	981	18		84
Tobacco and manufactures.....	1, 484	44	187	843
Hops.....		124		
Cotton, unmanufactured.....	6, 264			
Pencil slats.....	116	88	157	155
Petroleum products.....	523	6		
Abrasives.....	326	8	6	
Carbon and graphite and products.....	292		3	3
Sulfur, crude.....	14			115
Iron and steel-mill products and advanced manufactures.....	179		6	8
Copper, refined.....	1, 066			
Zinc, cast in slabs, pigs, or blocks.....	718			
Metals and manufactures, other.....	487	2		
Electrical machinery and apparatus.....	1, 333		31	13
Glassmaking, forming, and finishing machines and parts.....	6, 500	599		
Industrial machinery, other.....		83	115	33
Office machinery.....	756		27	46
Agricultural machinery, implements, tractors, and parts.....	1, 298	1		
Automobiles, trucks, buses, parts, and accessories.....	917	5	2	2
Coal-tar products.....	1, 259	22	20	206
Medicinal and pharmaceutical preparations.....	674	6	45	52
Chemicals, industrial.....	1, 122	11	42	21
Synthetic resins.....	317	19	71	103
Chemical products, other.....	544	5	85	80
Scientific and professional instruments, apparatus, and supplies.....	730	10	19	21
Private relief shipments.....	2, 157	97	67	68
Other domestic exports.....	2, 399	85	50	47
Reexports.....	492	4	17	33
General imports, total.....	23, 210	7, 911	7, 787	8, 233
Imports for consumption, total ¹	20, 147	7, 504	7, 849	8, 130
Canned cooked hams, shoulders, and other preserved pork.....		580	647	578
Paprika.....			40	66
Sugar candy and confectionery.....	3	1	14	42
Leather footwear.....	2	8	66	131
Leather manufactures, other.....	191	7	54	47
Furs, undressed.....	279	75	113	128
Hats of fur or fur felt and other fur manufactures.....	146	150	48	158
Feathers, crude.....	313	253	115	131
Rubber gloves.....		40	31	4
Rubber, allied gums, and manufactures, other.....	29	17	35	66
Hops.....	2, 910			
Cotton manufactures.....	590	22	12	16
Jute burlaps.....	943			5
Fabrics of flax, hemp, and ramie.....	597		212	101
Flax, hemp, ramie, and manufactures, other.....	233	242	101	62
Angora rabbit hair.....		523	615	307
Wool manufactures.....	284	9	1	1
Artificial fruit and flowers.....	404	127	221	216
Textile and textile manufactures, other.....	299	1	11	12
Wood manufactures.....	47	110	105	119
Glass, cylinder, crown, and sheet.....	(²)	77	382	382
Glass and glass products, other.....	2, 255	989	1, 028	991
Clay and clay products.....	178	23	9	55
Montan wax.....	28	46	24	10
Imitation and synthetic precious or semiprecious stones; pearls; real and imitation marcasites.....	4, 594	1, 421	942	515
Steel beams, joists, angles, and other structural shapes.....		123	16	
Nonferrous metals, except precious metals, and manufactures.....	551	48	34	28
Platinum.....			186	
Palladium.....				399
Metal jewelry, rosaries, and accessories.....	792	1	13	6
Metalworking machines and parts.....	6	13	66	225
Typewriters.....		19	250	272
Machinery, other, including electrical.....	33	46	40	41
Automobiles, new, complete or chassis.....	4	276	534	300
Bicycles.....	(²)	151	637	358
Bicycle parts.....	104	56	130	160
Motorcycles.....	587	108	169	145
Benzene.....		1, 046		642
Chemicals and chemical products, other.....	117	35	26	61
Musical instruments, parts, and accessories.....	318	14	17	7

See footnotes at end of table.

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1958, and January-September 1959—Continued

(Thousands of dollars)

Commodity	1947	1957	1958	Jan.- Sept. 1959
TRADE WITH CZECHOSLOVAKIA—Continued				
Dolls, toys, and parts.....	80	9	27	44
Books, pictures, and other printed matter.....	136	173	337	271
Beads and fabrics and articles of beads.....	2,018	282	305	350
Buttons.....	478	4	1	4
Other imports.....	598	4370	4335	4475
TRADE WITH EAST GERMANY				
Exports, total.....	(^a)	265	382	890
Cattle hides, wet.....		7		
Furs, undressed.....		16	18	23
Essential oils, natural.....				2
Seed, alfalfa.....		71	80	
Tobacco and manufactures.....		168	250	698
Paraffin wax.....		2		
Engines, diesel and semidiesel, 200 to 500 hp.....			32	
Machines for testing physical properties and parts.....				3
Phthalate esters, except dibutyl and dioctyl.....				45
Other domestic exports.....		1		2
Reexports of furs, undressed.....				13
Reexports of cameras.....				104
Other reexports.....			2	
General imports, total.....	(^a)	4,881	6,073	3,490
Imports for consumption, total ¹	(^a)	4,908	4,909	3,395
Furs, undressed, mink.....			144	305
Artificial fruit and flowers.....		407	533	426
Glass, cylinder, crown, and sheet.....		33	3	16
Glass and glass products, other.....		62	62	31
Household ware of china and porcelain.....		25	8	5
China ornaments.....		112	43	33
Montan wax.....		85	109	168
Boring machines and parts, except jig-boring machines.....		64		
Typewriters.....		315	662	154
Printing presses.....		153	81	177
Machinery, other.....		162	96	90
Automobiles, new, except trucks.....			349	573
Vehicles and parts, except agricultural, other.....		52	67	101
Cresols and cresylic acid, crude.....		46	11	31
Potassium ferricyanide.....		29	40	17
Carbon tetrachloride.....		76	76	76
Industrial chemicals, other.....		16	26	72
Potassium chloride, crude.....		1,436	1,246	223
Cameras, including motion-picture and box-type.....		1,113	810	416
Parts for motion-picture and other cameras, including lenses.....		54	49	47
Optical goods, instruments, and parts.....		30	37	47
Musical instruments, parts, and accessories.....		147	120	38
Artworks and antiques.....		263	137	149
Other imports.....		4238	4160	4191
TRADE WITH HUNGARY				
Exports, total.....	12,859	5,320	1,664	911
UNRRA ¹	256			
Dairy products.....	589	2,385		
Seed corn, except sweet seed corn.....			144	
Wheat and wheat flour.....	1,045			
Hides and skins, raw, except furs.....	26	13	80	221
Leather and manufactures.....	298			
Tallow, inedible.....		908	419	264
Rubber and manufactures.....	114	2		
Seeds, except oilseeds.....	647			1
Tobacco and manufactures.....	443			
Textile products.....	230	41		
Coal, bituminous.....		1,669		
Petroleum products.....	140			

See footnotes at end of table.

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1958, and January–September 1959—Continued

(Thousands of dollars)

Commodity	1947	1957	1958	Jan.- Sept. 1959
TRADE WITH HUNGARY—Continued				
Carbon and graphite and products.....	102	2	1	-----
Copper, refined.....	207	-----	-----	-----
Copper scrap.....	-----	-----	211	87
Metals and manufactures, other.....	91	-----	1	1
Industrial machinery.....	300	1	11	8
Agricultural machines, implements, and parts.....	6	-----	112	4
Automobiles, trucks, buses, parts, and accessories.....	227	-----	-----	-----
Machinery and vehicles, other.....	175	1	9	38
Coal-tar products.....	506	-----	132	186
Poliomyelitis vaccine.....	-----	194	492	46
Medicinal and pharmaceutical preparations, other.....	238	-----	-----	5
Chemicals, industrial.....	180	-----	-----	-----
Photographic and projection goods.....	98	24	7	1
Private relief shipments.....	6,669	55	24	24
Other domestic exports.....	298	21	20	25
Reexports.....	130	4	1	-----
General imports, total.....	1,801	729	1,305	1,635
Imports for consumption, total ¹	1,472	726	1,225	1,593
Birds, edible, prepared or preserved.....	45	4	3	4
Paprika.....	109	9	278	413
Wines and other beverages.....	15	50	70	37
Furs, undressed.....	103	-----	11	10
Feathers, crude.....	837	133	376	355
Crude drugs, herbs, roots, and similar inedible products.....	22	21	10	14
Sunflower seed.....	-----	-----	61	41
Seeds, except oilseeds.....	27	144	89	268
Brooms.....	-----	28	73	77
Cotton manufactures.....	13	14	6	10
Textile products, other.....	8	12	-----	1
Baskets and bags of willow and osier.....	(¹)	36	48	62
Glass and glass products.....	21	24	43	31
Clay and clay products.....	4	30	23	24
Books, maps, and other printed matter.....	68	133	30	105
Artworks and antiques.....	9	30	44	42
Other imports.....	191	4 68	4 60	4 99

TRADE WITH POLAND AND DANZIG

Exports, total.....	107,705	73,060	104,630	59,496
UNRRA ¹	43,298	-----	-----	-----
Horsemeat.....	3,110	-----	-----	-----
Sausage casings, hog.....	-----	-----	279	-----
Lard.....	3,263	-----	-----	-----
Nonfat dry milk.....	1,116	-----	782	774
Dairy products, other.....	914	(²)	2	-----
Barley, except pearl barley.....	180	-----	8,962	10,052
Corn, except seed.....	-----	-----	2,565	-----
Seed corn, except sweet seed corn.....	3,475	-----	-----	-----
Rye.....	-----	-----	5,922	-----
Wheat.....	6,192	28,279	19,905	13,949
Wheat flour.....	12,822	-----	-----	-----
Grains and preparations, other.....	1,136	-----	800	-----
Soybean flour, edible.....	758	-----	-----	-----
Fruits and preparations.....	16	-----	206	-----
Peanuts, shelled.....	2,524	-----	-----	-----
Soybean oil, refined, except shortening.....	174	-----	4,014	1,451
Oleomargarine and other edible vegetable fats and oils.....	1,960	(²)	1,636	1,323
Foodstuffs, other.....	742	1	9	57
Hides and skins, raw, except furs.....	431	36	2,621	1,249
Leather and manufactures.....	1,394	1	2,072	-----
Tallow, inedible.....	-----	6,061	2,959	3,060
Live horses, except for breeding.....	1,463	-----	-----	-----
Rubber and manufactures.....	2,523	109	830	398
Soybeans.....	-----	4,237	835	-----
Flaxseed.....	-----	-----	-----	230
Soybean oil, crude, inedible.....	296	311	929	3,073
Vegetable oils and fats, inedible.....	3,602	-----	-----	-----
Seeds, except oilseeds.....	685	165	240	246
Tobacco and manufactures.....	142	354	459	232

See footnotes at end of table.

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1958, and January-September 1959—Continued

(Thousands of dollars)

Commodity	1947	1957	1958	Jan.-Sept. 1959
TRADE WITH POLAND AND DANZIG—Continued				
Cotton, unmanufactured.....	9,317	23,321	25,003	10,057
Wool rags and used clothing of wool.....	4,775	1,554	1,719	1,642
Acetate filament yarn and monofilaments.....			1,203	205
Nylon filament yarn and monofilaments; nylon tire cord and fabric.....			1,294	147
Synthetic fibers and manufactures, other.....	14	125	249	267
Coal, bituminous.....		807	518	
Petroleum and products.....	652		4	8
Aluminum oxide, fused, crude and in grains.....			99	123
Silicon carbide, crude and in grains.....			242	514
Sulfur, crude.....			63	571
Steel sheets, black, ungalvanized, cold-rolled.....		4,794	1,897	
Electrical steel sheets and strip.....			1,201	555
Tinplate, primary, hot-dipped.....	255		905	
Iron and steel mill products, rolled and finished, other.....		19	637	8
Iron and steel advanced manufactures.....	663	1	29	26
Copper, refined.....	1,119			
Metals and manufactures, other.....	625	4		
Electrical machinery and apparatus.....	4,627	15	444	144
Excavators, loaders, and dredging machines and parts.....	146		422	
Mining machines, equipment, and parts.....			406	
Rotary drill rigs and parts.....			946	
Drilling machines, percussion-type, and parts.....	1,760		409	
Construction and related machinery, other.....		1	83	16
Metalworking machines and parts.....	6,517		307	1,255
Textile machines and parts.....	127			991
Sewing machines and parts.....	68		225	24
Dairy equipment, commercial, and parts.....	89		525	42
Cannery machines and parts.....	8			551
Paper converting machines and parts.....	2		403	
Tanning and leather working machines and parts.....			40	220
Pressure fans and parts.....			944	
Industrial machinery, other.....	8,174	13	554	933
Printing presses.....	21			152
Agricultural machinery, implements, and parts.....	800	5	2	6
Tractors and parts.....	2,650		173	
Automobiles, trucks, buses, parts, and accessories.....	952	59	133	29
Merchant vessels.....	1,050			
Machinery and vehicles, other.....	438	28	29	9
Poliomyelitis vaccine.....			1,618	860
Medicinal and pharmaceutical preparations, other.....	1,028	7	245	276
Synthetic resins.....	18	1	381	251
Antiknock compounds.....	50		331	
Industrial chemicals.....	475		159	272
Fertilizers and fertilizer materials.....	570			
Soap and toilet preparations.....	772			
Chemicals and related products, other.....	452	19	233	46
Scientific and professional instruments, apparatus, and supplies.....	1,697	10	451	437
Bound books and other printed matter.....	251	37	125	74
Private relief shipments.....	9,048	2,115	3,748	1,824
Other domestic exports.....	2,037	113	337	178
Reexports.....	1,549	158	36	8
General imports, total.....	1,335	29,963	29,683	25,065
Imports for consumption, total ¹	1,312	29,596	28,684	25,065
Canned cooked hams and shoulders.....		20,653	19,830	15,810
Prepared pork, other.....		1,825	2,192	1,792
Chicory roots, crude, dried.....				178
Vegetables and preparations, other.....	2	44	52	41
Caraway seed.....	2		172	72
Beverages.....		53	116	77
Hides and skins, raw, except furs.....		185	277	659
Fox fur, except silver and black, undressed.....				759
Mink fur, undressed.....				916
Furs, undressed, other.....	63	11	56	60
Bristles.....	11	224	189	205
Feathers, crude.....	61	246	399	399
Casein.....		66	1,252	1,157
Poppy seed.....		306	192	158
Flax, hemp, ramie, and manufactures.....	(²)	96	88	137
Baskets and bags.....	45	130	134	142
Wood furniture and parts.....	12	21	88	68
Newsprint.....	279	10		84
Cement.....			147	90

See footnotes at end of table.

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1958, and January-September 1959—Continued

(Thousands of dollars)

Commodity	1947	1957	1958	Jan.- Sept. 1959
TRADE WITH POLAND AND DANZIG—Continued				
Glass, cylinder, crown, and sheet.....		41	4	2
Glass Christmas tree ornaments.....	(¹)	483	505	365
Glass and glass products, other.....	50	158	239	268
Clay and clay products.....	46			7
Pig iron.....	484			
Steel beams, joists, angles, and other structural shapes, not assembled.....				74
Wire nails, over $\frac{3}{16}$ inch in diameter, of iron and steel.....		148	302	364
Aluminum scrap.....		126		
Metalworking machinery and parts.....		14	14	81
Benzene.....		3,815	1,675	433
Naphthalene.....		245	293	73
Peat moss, fertilizer grade.....	(¹)	61	134	172
Chemicals and related products, other.....	27	49	8	6
Dolls and parts.....	(¹)	137	120	58
Toys and parts, except dolls.....	1	18	50	45
Books, pictures, and other printed matter.....	53	88	33	51
Other imports.....	176	4241	4142	4265
TRADE WITH RUMANIA				
Exports, total.....	15,079	966	871	1,294
Cattle for breeding, except dairy.....				40
Dairy products.....	610			
Corn, except seed.....	8,420	603	509	306
Seed corn, except sweet seed corn.....	21	22		364
Wheat.....	606	7	9	
Grains and preparations, other.....		(¹)	53	
Seed beans.....	147	1		
Foodstuffs, other.....		37		
Cattle hides, wet.....		21		
Tallow, inedible.....	97			
Rubber and manufactures.....				362
Soybean oil, crude, inedible.....	133	1		3
Seeds, except oilseeds.....	65			
Iron and steel-mill products.....	71	4		
Iron and steel advanced manufactures.....	44			
Metals and manufactures, other.....		55		
Conveying equipment and parts.....		47		
Plastic-making, processing, and manufacturing machines.....	18	16	3	
Industrial machinery and parts, other.....	(¹)	36	23	14
Agricultural machinery, implements, tractors, and parts.....	673	1		
Automobiles, trucks, buses, parts, and accessories.....		64	229	
Poliomyelitis vaccine.....	281			1
Medicinal and pharmaceutical preparations, other.....	25			146
Industrial chemicals.....	48			4
Chemicals and related products, other.....	3,465			
Private relief shipments.....	399	48	22	26
Other domestic exports.....	4	2	22	4
Reexports.....				
General imports, total.....	435	474	373	611
Imports for consumption, total ²	440	466	420	506
Sturgeon and sturgeon roe, cooked or frozen.....		27		29
Mushrooms, dried.....		26	29	14
Walnuts, shelled.....		90	134	77
Spices.....		131	49	55
Furs, undressed.....	276	36	67	61
Bristles.....			5	9
Feathers, crude.....	84	55	3	2
Glass and products.....		2	11	27
Benzene.....				139
Coal tar and coal-tar pitch.....				151
Castor-bean pomace.....			59	
Stamps.....	12	66	45	17
Other imports.....	66	423	418	417

See footnotes at end of table.

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1958, and January-September 1959—Continued

(Thousands of dollars)

Commodity	1947	1957	1958	Jan.- Sept. 1959
TRADE WITH U.S.S.R.				
Exports, total.....	149,089	3,504	3,415	4,090
UNRRA ¹	32,072			
Meat, canned.....	3,129			
Dairy products.....	479			
Hides and skins, raw, except fur.....		332	261	105
Tallow, inedible.....		2,066		
Rubber and manufactures.....	427	13	3	6
Naval stores, guns, and resins.....	388			
Tobacco and manufactures.....	1,165		1	
Cordage and twine of sisal and sunn.....	1,343			
Wool noils and waste.....	400			
Synthetic staple fiber and tow, except glass.....				312
Textile products, other.....	477	1		2
Paper, thin, except cigarette paper.....		27		
Petroleum products.....	3,514			
Abrasives.....	297			
Carbon and graphite and products.....	640	1		
Sulfur, crude.....	341			
Steel sheets, carbon, black, ungalvanized.....	7		1,556	2,144
Iron and steel-mill products, other.....	18,252			
Iron and steel advanced manufactures.....	942	13		1
Copper and manufactures.....	496			
Metals and manufactures, other.....	274			
Electrical machinery and apparatus.....	19,922	60	14	7
Power generating machinery.....	5,504		4	4
Construction, excavating, mining, and related machinery.....	25,441	64	49	160
Metalworking machinery and parts.....	23,428			2
Textile, sewing, and shoe machinery.....	845	60	6	863
Industrial machinery and parts, other.....	22,834	188	288	87
Printing presses.....	1	34	100	66
Printing and bookbinding apparatus, other.....	26		161	74
Agricultural machinery, implements, tractors, and parts.....	2,666	136	18	34
Trucks.....	1,267		17	
Passenger cars and chassis.....	40	7	8	6
Buses; parts and accessories for automotive vehicles.....	517	4	13	21
Aircraft, parts, and accessories.....	421			
Merchant vessels.....	1,241			
Freight cars over 10-ton capacity.....	1,843			
Coal-tar products.....	49	230	558	
Rubber compounding agents, organic, except cyclic.....			155	
Chemical specialties, other.....	78	14	2	46
Chemicals, industrial.....	165	49	3	28
Soap and toilet preparations.....	1,210			
Scientific and professional instruments, apparatus, and supplies.....	3,089	45	54	2
Private relief shipments.....	2,174	78	75	2
Household and personal effects.....	1,038	(?)	(?)	(?)
Other domestic exports.....	2,304	35	69	118
Reexports.....	375	45		
General imports, total.....	77,102	16,512	17,551	21,798
Imports for consumption, total ²	72,152	16,516	17,319	20,591
Sausage casings.....	853	491	115	87
Sturgeon and other fish roe.....	520	370	130	179
Persian lamb and caracul fur, undressed.....	17,950	1,922	1,930	1,054
Sheep and lamb fur, undressed.....	28	4	125	113
Sable fur, undressed.....	1,502	1,333	1,827	1,940
Squirrel fur, undressed.....	6,649	2,217	2,130	1,714
Furs and fur skins, undressed, other.....	15,411	160	276	395
Furs, dressed, and fur manufactures.....	684	35	6	5
Bristles.....	380	130	243	196
Licorice root.....	352	486	283	178
Essential or distilled oils.....	73	111	53	58
Tobacco, unmanufactured.....	1,916			
Cotton linters.....	1,937	601	419	501
Cotton waste.....	889	119	137	96
Wool, unmanufactured.....	730			18
Animal hair, unmanufactured.....	448	143	112	104
Silk noils and waste.....	9	95		18
Diamonds, cut but not set.....	708			
Manganese ore.....	6,899			
Chrome ore.....	8,966			2,196
Platinum.....	1,766	617	1,763	2,504
Iridium and osmium.....	335			

See footnotes at end of table.

Table 3. U.S. Trade With Principal Countries of Eastern Europe, 1947, 1957, 1958, and January-September 1959—Continued

(Thousands of dollars)

Commodity	1947	1957	1958	Jan.- Sept. 1959
TRADE WITH U.S.S.R.—Continued				
Palladium.....	1,131	335	873	520
Benzene.....		6,298	5,856	7,704
Naphthalene.....		636	551	388
Pyridine.....		73	163	284
Stamps.....	55	167	108	112
Other imports.....	1,971	174	220	227

¹ UNRRA shipments are included in commodity exports for 1947.² Commodity data are reported on the basis of imports for consumption.³ Less than \$500.⁴ Includes an estimate of low-value shipments \$250 or less each in 1957, and \$250 or less each on informal entry shipments and under \$100 each on formal entry shipments in 1958 and 1959.⁵ East Germany not reported separately prior to 1952.⁶ Wool rags only.⁷ Not included in export statistics for 1957, 1958, and 1959.

III

Short Supply Export Controls

The status of short supply controls for the fourth quarter 1959 remained the same as for the previous quarter with no commodities under this control.

As in the past, however, the Department is continuing to watch the supply-demand situation of all commodities, and in accordance with the requirements of the Export Control Act will take prompt action if a situation develops wherein foreign demand adversely affects the domestic economy.

IV

Export Control Enforcement Activities

During the fourth quarter 1959, the Export Control Investigation Staff of the Bureau of Foreign Commerce had under investigation 171 cases, compared with 176 in the preceding quarter. During this period, administrative proceedings or criminal action was recommended in 8 of these cases; one temporary suspension order was issued pending completion of the investigation. Forty-two cases were closed, 14 on the basis of a determination of no violation or insufficient evidence, and 28 with warning letters to parties involved for various types of violations considered not to be of such a serious nature to warrant institution of formal charges and compliance proceedings. The remaining cases were still in process at the end of the quarter. The Collector of Customs seized 40 shipments valued at \$41,401.51 for violations of the Export Control Act.

That the need for vigorous enforcement has not lessened with the reduction in recent years in the number of items requiring validated license, was emphasized on December 8, 1959, in connection with the sentencing of Minthorne International Co., Inc., an export company of New York City, and Edwin J. Sorkin, the company's office manager, for export control violations. The company was fined \$5,000 and Sorkin was sentenced to 60 days in jail by the Federal Court for the Southern District of New York. The indictment charged the defendants with having exported in 1956 a strategic electronic tube, valued at about \$440, without obtaining the required validated export license, and with falsely describing the tube on the Customs export declaration as another type tube, valued at about \$15, which could be shipped to West Germany without prior application to the Department.

The Department pointed out that the defendants shipped the tube to a West German customer after having been notified by the Department that it would reject all applications for licenses to export goods to the West German firm, Germar Weiss of Frankfurt, because its activities in transshipping goods to Soviet bloc destinations made the firm an undesirable trade connection.

In passing sentence, Judge Edward J. Dimock stated that he would treat this "as a case where there was a violation of the law intended to prevent the export of material to potential enemies of the United States, and considered by our representatives in Congress

to be of great importance for the well-being of our country, so that a violation of it is an extremely serious thing."

Later, in Department proceedings for denial of export privileges, the Minthorne firm and Sorkin admitted the violations and consented to an order placing the company on probation for 1 year, effective January 1, 1960; denying Sorkin all U.S. export privileges for 6 months and placing him on probation for an additional 6 months.

In addition, the Department during this period issued export denial orders in seven other cases.

On December 31, 1959, the Department denied temporarily all U.S. export privileges to six Swedish and two West Berlin firms, having reasonable grounds to believe that the parent firms were engaged in a continuing conspiracy to procure materials exported from the United States and transship them to unauthorized destinations in violation of U.S. export regulations. The subsidiaries and affiliates were also named to prevent evasion.

These firms are: A/B Labeco of Stockholm, Sweden, and Sven Hakanson, trading as Elmetrik of Malmo, Sweden; and the affiliates or subsidiaries of the former, Labeco A/B of West Berlin; Lauter G.m.b.H. of West Berlin and Orsoy-Niederrhein, of West Germany; Vitromecano A/B, Turesson Trading Co. A/B, A. B. Herlasteel, and Rederi A/B Lauter Shipping, all of Stockholm, Sweden.

The order will remain in effect until completion of the Department's investigation of the alleged illegal transactions and pending administrative hearing of the case.

On December 18, 1959, Oleine, S.A., a wholesale chemical and pharmaceutical firm of Zurich, Switzerland, and its owner Emilio F. Bordin, were denied U.S. export privileges for the duration of U.S. export controls for persistent and willful violation of U.S. export regulations. Herman August Huber, of Zurich, individually and doing business as Biochemische Industrie Zurich, was also denied U.S. export privileges as a party related to Oleine in the conduct of export trade.

Under a previous denial order issued April 3, 1958, Oleine and its owner were barred from U.S. export privileges for 1 year for unauthorized transshipment of antibiotics and chemicals to Soviet bloc countries. Their right to deal with U.S. goods was later restored on condition that they would comply in the future with U.S. export controls.

This second denial order was issued after investigation disclosed that Oleine had maneuvered to obtain and transship additional U.S. goods to Eastern Europe while under denial of U.S. export privileges for similar violations. Concealing his identity as the true purchaser and using Biochemische Industrie Zurich as a front, Oleine procured 30,000 pounds of neoprene, valued at over \$15,000, from U.S. suppliers and diverted it to East Germany. Oleine and its owner also engaged

in other prohibited transactions involving U.S. commodities during this period.

On December 8, 1959, U.S. export privileges were denied for the duration of U.S. export controls to Albert A. Barber, doing business as Maison A. Barber, of Brussels, Belgium. The Department stated that the order resulted from a transshipment of strategic electronic tubes, valued at about \$1,000, to destinations other than those to which the goods were licensed. The Department held that Barber's actions were deliberate since he knew that reexport of the tubes was prohibited without special authorization from the Department. Most of the tubes were transshipped to Communist China, an embargoed destination.

On November 13, 1959, the Department denied all U.S. export privileges for the duration of U.S. export controls to a British firm, Bakely Distributors, Ltd. and two of its directors, H. Martyn Snow and I. K. Arnold, all of London, England, as well as Bakely Distributors (1959) Ltd., the successor firm of Bakely Distributors Ltd., which is no longer in business.

Evidence presented at the hearing of this case indicated that the Bakely officials, knowing that U.S. controls did not permit exports of U.S. goods to Communist China, instructed their U.S. suppliers to ship the goods to Poland, and upon arrival at Gdynia, Poland, caused the goods to be transshipped to Communist China. The items, a microtome knife sharpener and a quantity of metal gauges, are among those which may be shipped to Poland under a general license without prior application to the Department.

In issuing this denial order, the Department cautioned all foreign buyers against unauthorized reexportation of U.S. goods. It pointed out that there are several kinds of general licenses and a general license, like a validated license, may limit or bar reexports to the Sino-Soviet bloc, depending on the commodity and ultimate destination.

In addition, the Department stated that foreign buyers are under obligation to acquaint themselves with the terms of the applicable validated or general license and to obtain prior Department approval before engaging in transactions involving reexport, transshipment or diversion of U.S. goods to a country other than that authorized when they left the United States.

On October 14, 1959, Porn and Dunwoody, Ltd., of London, England, were denied all privileges of participating in export transactions involving U.S. goods for an indefinite period. The firm had been found guilty on June 26, 1959, by the Central Criminal Court of London of contravening British regulations in failing to comply with the terms of the U.K. import certificate issued to cover a shipment of roller bearings from the United States.

The denial action was taken after the firm failed to answer Commerce Department questions regarding the ultimate disposition of the same roller bearings, as well as diesel engine parts it had also ordered from U.S. suppliers in 1956 and 1957. Although the shipments left the United States under licenses authorizing delivery to England, subsequent investigation disclosed they did not reach their authorized destination but were diverted elsewhere without authorization. This firm declined to answer the interrogatories served on them, claiming other persons and firms were involved. The order will remain in effect until the firm either replies satisfactorily to the Department's inquiries, or gives acceptable reasons for not doing so.

On October 5, 1959, Karl L. Lachnit of Vienna, Austria, was denied all U.S. export privileges for failure to answer the Department's inquiries concerning disposition of 139 tons of tin mill black plate rejects exported from the United States in 1958 under general license GRO on Lachnit's instruction that the material be delivered to Austria. However, subsequent investigation disclosed that the rejects did not go to the authorized consignee in Austria. The denial order will remain in effect until Lachnit either replies satisfactorily to the Department's questions or gives acceptable reasons for not doing so.

On October 5, 1959, Ro-Nard, Inc., of New York City, its employee, Mrs. Lily S. S. Wolfenson, and Alberto Azar of Montevideo, Uruguay, were temporarily denied all U.S. export privileges for illegal activities in connection with exports of strategic electronic equipment. The Department indicated there were reasonable grounds to believe that the named parties were engaged in a continuing practice wherein Azar bought various types of electronic equipment in the United States and had them delivered to Mrs. Wolfenson, Ro-Nard's sole employee. Mrs. Wolfenson then turned the goods over to third parties who took the equipment out of the country, presumably as personal effects, in apparent contravention of U.S. export licensing requirements.

Following the issuance of the denial order, the respondents made a motion to vacate, and at the hearing, it became apparent that although violations had been committed, the facts presented indicated that all the respondents had not been involved in the arrangement, and as a result of this and assurances given by the respondents, export privileges were restored on October 30, 1959. The Department reserved the right, however, to bring administrative proceedings against any persons responsible for the violations which led the Department to take the initial action.

V

The Positive List as of December 31, 1959

The chief purpose of the Department's Positive List is to keep American exporters continuously advised of the commodities for which validated export licenses are required before shipments may be made to friendly foreign destinations. Validated licenses are not required for commodities exported to Canada for consumption in that country.

All Positive List commodities, and all non-Positive List commodities except certain specified general license goods—such as general license GHK for Hong Kong and Macao, GLSA for the U.S.S.R. and its Eastern European countries (excluding Poland), etc.—require validated licenses for shipment to the U.S.S.R. and its Eastern European destinations (excluding Poland), Communist China, North Korea, and north Viet Nam, as well as Hong Kong and Macao.

The Positive List is different in concept and content from the U.S. security export control list. The Positive List covers all items requiring validated export licenses for specified friendly destinations (but it should be noted here that the majority of goods—all goods except those where applicable general licenses apply—even though not on the Positive List, require a validated license for shipment to the Sino-Soviet bloc and certain “fringe” areas). In addition, the commodity specifications on the Positive List are sometimes broader than those on the security export control list for administrative reasons.

The number of entries on the Positive List should not be considered as an indication of the comprehensiveness of export control. While one Positive List entry may involve only a few applications a year, another may involve many thousands.

The designation “RO” in column 3 of the table indicates that the commodity requires a validated license for shipment to any destination except Canada. The designation “R” indicates that a license is required for shipment to any destination outside the Western Hemisphere. Validated licenses are also required, however, for some non-Positive List commodities for shipment to Poland.

The number of separate entries on the Positive List remained approximately the same as the previous quarter. At the end of the

fourth quarter there were 866 separate entries, of which 770 were controlled to both R and O country destinations, and 96 to R country destinations only.

The following table shows the commodities on the Department's Positive List of Commodities controlled for export as of December 31, 1959.

Two or more related entries are frequently grouped together in the interest of brevity and clarity.

The numerical designations in column 1 indicate the appropriate commodity classifications as listed in the Bureau of the Census Schedule B export classification. This is the classification system used for identifying commodities on the Positive List.

Schedule B No.	Commodity description	Area of control
RUBBER AND MANUFACTURES		
20061-20106	Synthetic rubbers ¹	R
20610-20638	Tire casings ¹	RO
20666	Aircraft inner tubes.....	RO
20640-20696	Silicone rubber manufactures ¹	R
TEXTILE FIBERS AND MANUFACTURES		
38418-38432	Yarns, monofilaments, staple, tow, and woven fabrics wholly made of polytetrafluoroethylene (e.g., Teflon).	RO
PETROLEUM AND PRODUCTS		
50150	Blending agents ¹	RO
50161	Aviation gasoline, 100 or over octane number.....	R
50180	Jet fuels.....	RO
50328-50407	Lubricating oils ¹	R
50408	Cutting oils and compounds.....	R
50410	Lubricating greases.....	R
50690	Hydraulic or automatic transmission fluids ¹	RO
GLASS AND PRODUCTS		
52311	Quartz crystals, optical quality.....	RO
CLAY AND PRODUCTS		
53620-53699	Refractories ¹	RO
OTHER NONMETALLIC MINERALS AND PRODUCTS (PRECIOUS INCLUDED)		
54091	Synthetic diamond powder.....	RO
54114-54140	Abrasive products ¹	RO
54730-54809	Carbon or graphite products ¹	RO
57227	Magnesium oxide, purity 97 percent or higher, including magnesia cement.....	RO
59606-59609	Quartz crystal, natural and synthetic ¹	RO
59645	Lithium-containing minerals.....	RO
59900	Synthetic industrial diamonds.....	RO
IRON AND STEELMAKING RAW MATERIALS		
60080-60085	Scrap, except tin plated orterne plated.....	RO
60096	Rerolling material.....	RO

See footnotes at end of table.

Schedule B No.	Commodity description	Area of control
IRON PRODUCTS AND STEEL MILL PRODUCTS—SEMIFINISHED		
00172-00178	Alloy steel ingots, blooms, billets, slabs, and sheet bars !.....	RO
00181	Alloy steel tube rounds !.....	RO
00185	Alloy steel skelp !.....	RO
00187	Alloy steel wire rods !.....	RO
IRON PRODUCTS AND STEEL MILL PRODUCTS, ROLLED AND FINISHED		
00220-00270	Alloy steel bars !.....	RO
00316-00335	Alloy steel sheets !.....	RO
00355	Electrical (steel) sheets and strip !.....	RO
00365-00390	Steel strip !.....	RO
00627-00690	Steel pipe, tubes, and tubing !.....	RO ²
00715-00720	Alloy steel plates !.....	RO
00735	Alloy steel structural shapes !.....	RO
00812-00821	Alloy steel wire !.....	RO
CASTINGS AND FORGINGS		
01060-01065	Castings, alloy steel, rough and semifinished !.....	RO
01065	Forgings, alloy steel, rough and semifinished !.....	RO
METAL MANUFACTURES		
01909	Alloy steel perforated sheets !.....	RO
01881	Steel pipe lined with polytetrafluoroethylene or polytrifluorochloroethylene	RO
01932-01934	Liquefied gas containers, jacketed, of over 500 gallons capacity	RO
01938-01944	Welding rods !.....	RO
01932-01934	Wire products !.....	RO
01974-01987	Metal powders !.....	RO
01995	Metal foil !.....	RO
01995	Copper and copper-base alloy perforated plates and sheets.....	RO
01995	Permanent magnets !.....	RO
01995	Zirconium and zirconium alloy manufactures.....	RO
FERROALLOYS		
02230-02290	Ferromolybdenum; ferroboreon; ferrocolumbium; ferrocolumbium-tantalum; ferrotantalum; and ferrovanadium !.....	RO
COPPER ORES, CONCENTRATES, SCRAP, AND SEMIFABRICATED FORMS		
04010	Copper ore, concentrates, matte, and other unrefined copper.....	RO
04120	Refined copper in crude forms.....	RO
04130	Copper scrap.....	RO
04220	Copper pipe and tubing.....	RO
04230	Copper plates, sheets, and strip.....	RO
04251	Copper wire and cable, bare.....	RO
04290	Copper castings and forgings, rough and semifinished.....	RO
04290	Copper rods and bars.....	RO
COPPER-BASE ALLOYS, SCRAP, AND SEMIFABRICATED FORMS		
04400	Copper-base alloy scrap.....	RO
04410	Copper-base alloy crude forms.....	RO
04490	Copper-base alloy bars, rods, and other shapes, extruded, rolled, and drawn.....	RO
04500	Copper-base alloy plates, sheets, and strips.....	RO
04530	Copper-base alloy pipe and tubing.....	RO
04571	Copper-base alloy wire and cable, bare.....	RO
04793	Copper-base alloy castings and forgings, rough and semifinished.....	RO

See footnotes at end of table.

Schedule B No.	Commodity description	Area of control
NICKEL ORES, CONCENTRATES, SCRAP, AND SEMIFABRICATED FORMS		
65455	Nickel ore, concentrates, and matte.....	RO
65462	Nickel residues and dross; and nickel alloy metal scrap ¹	RO
65467	Nickel alloy metal in crude forms, and bars, rods, sheets, plates, and strip ¹	RO
65480	Nickel alloy semifabricated forms, n.e.c. ¹	RO
OTHER NONFERROUS ORES, CONCENTRATES, SCRAP AND SEMIFABRICATED FORMS (EXCEPT PRECIOUS)		
66407-66411	Beryllium ¹	RO
66429-66431	Cobalt ¹	RO
66433-66437	Columbium or niobium.....	RO
66445-66447	Magnesium ¹	RO
66449-66465	Molybdenum ¹	RO
66469-66473	Tantalum.....	RO
66475	Quicksilver or mercury.....	RO
66479-66483	Titanium.....	RO
66489	Tungsten wire.....	RO
66510-66520	Zirconium ¹	RO
66530	Lithium ores and lithium ore concentrates.....	RO
66540	Other nonferrous metals and alloys, in crude form, scrap, and semifabricated forms, n.e.c. ¹	RO ¹
PRECIOUS METALS AND PLATED WARE, N.E.C.		
66561	Silver-copper brazing alloy.....	RO
ELECTRICAL MACHINERY AND APPARATUS		
70010-70115	Generators and generator sets, 5,000 kw. and over, and parts and accessories ¹	RO ²
70362-70379	Electrical quantity and characteristic measuring and testing apparatus, and parts and accessories ¹	RO
70415-70498	Electric motors and motor controls, and parts and accessories ¹	R ¹
70659	Single coil tungsten filaments.....	RO
70660	Power-controlled searchlights designed for military use.....	RO
70741-70746	Electric industrial heat-treating, melting, and refining furnaces and parts.....	RO
70751-70753	Flash discharge type X-ray tubes, and parts and accessories.....	RO
70764-70797	Radio and television apparatus, and parts ¹	RO
70824-70844	Electron tubes and parts ¹	RO
70848-70859	Other electronic-type components ¹	RO
70867	Radar and other electronic detection and navigational apparatus and parts ¹	RO
70871	Carrier current equipment ¹	RO
70879	Electronic amplifiers, and parts ¹	RO
70883	Magnetic recorders and accessories ¹	RO
70886	Electronic equipment, n.e.c. ¹	RO
70888	Telegraph apparatus, and parts ¹	RO
70895	Telephone equipment, and parts ¹	RO
70921-70922	Starting, lighting and ignition equipment ¹	RO
70948	Copper bus bars.....	RO
70972-70995	Wire and cable, insulated ¹	RO
70997	Electrical steel punchings ¹	RO
70999	Miscellaneous electrical apparatus and parts, n.e.c. ¹	RO
POWER GENERATING MACHINERY, N.E.C.		
71131-71190	Steam turbines designed for turbogenerators 200,000 kilowatts and over.....	R
71330-71392	Water tube boilers, marine type, and parts ¹	RO
71450-71590	Diesel engines, 50 horsepower and over, and parts ¹	RO
CONSTRUCTION, EXCAVATING, MINING, OIL FIELD, AND RELATED MACHINERY		
72000-72021	Power excavators and loading machines, and parts, accessories and attachments ¹	R ²
72205-72210	Scrapers and graders ¹	R ¹
72225	Contractors' off-the-road wheel-type tractors ¹	R ¹
72227	Off-the-road haulers ¹	R ¹
72245	Miscellaneous construction and maintenance equipment, and parts, n.e.c. ¹	R ¹
72511-72540	Materials handling equipment ¹	R ¹
73091-73225	Rotary drill rigs, and parts and accessories ¹	R ¹
73395	Petroleum and natural gas field production equipment, and parts ¹	R

See footnotes at end of table.

Schedule B No.	Commodity description	Area of control
METAL-CUTTING MACHINE TOOLS (NONPORTABLE), PARTS AND ACCESSORIES		
74021	Turret lathes ¹	RO
74032	Artillery and ammunition lathes.....	RO
74039	Lathes, n.e.c. ¹	RO
74045	Vertical boring and turning mills ¹	R
74049-74054	Boring machines, n.e.c. ¹	RO
74058	Shell tappers.....	RO
74075-74079	Milling machines ¹	RO
74086-74112	Gear-making machines ¹	RO
74200-74224	Drilling machines ¹	RO
74260	Armor plate planers.....	RO
74391-74410	External and internal cylindrical grinding machines ¹	RO
74420	Grinding machines for broaching tools ¹	RO
74427	Band sawing and band filing machines ¹	R
74429	Honing machines ¹	RO
74439	Other metal grinding machines, n.e.c. ¹	RO
74440	Multistation machine tools equipped with closed loop electronic circuits.....	RO
74447	Rifling and rifle-working machines.....	RO
74450-74455	Other metal-cutting machines and machine tools ¹	RO
74456-74457	Parts and accessories for machine tools ¹	RO ³
METAL-FORMING MACHINE TOOLS, N.E.C., PARTS, AND ACCESSORIES		
74459-74461	Metalworking presses ¹	RO ³
74463	Bending and forming machines ¹	RO
74465	Punching and shearing machines ¹	RO
74466	Forging machines and hammers ¹	RO
74468	Parts and accessories for metal-forming machines ¹	RO ³
METALWORKING MACHINES, N.E.C., PARTS, AND ACCESSORIES		
74490	Rolling mill machines, and parts ¹	RO ³
74500-74529	Foundry equipment, and parts ¹	RO
74530-74601	Metalworking machines, n.e.c., and parts and accessories ¹	RO ³
OTHER INDUSTRIAL MACHINES AND PARTS		
76465-76606	Air-conditioning and refrigerating equipment, and parts ¹	RO
76650-76670	Industrial process measuring, recording, and/or controlling instruments, and parts ¹	RO
76693-76696	Testing and measuring machines, and parts ¹	RO
76698	Geophysical and mineral prospecting equipment, and parts ¹	RO
76910-76935	Ball and roller bearings, and parts ¹	RO
77073-77075	Dynamic air and gas compressors, and parts ¹	RO
77086	Diffusion vacuum pumps, 12 inches in diameter and larger.....	RO
77101-77119	Other pumping equipment ¹	RO ³
77122	Tubular condensers (heat exchanger type) ¹	RO
77125	Heat exchangers, and parts ¹	RO
77450-77465	Pipe valves and parts ¹	RO
77480	Glassmaking, glass forming, and glass finishing machines; optical curve generators; and parts ¹	RO ³
77485	Electronic tube manufacturing and assembling machines, and parts.....	RO
77516	Pipe assemblies specially fabricated for particular machines or equipment.....	RO
77520-77525	Chemical and pharmaceutical processing and manufacturing machines, n.e.c., and parts ¹	RO
77567-77570	Carbon black furnaces, combustion type, and parts and accessories.....	R
77585	Processing vessels, and parts ¹	RO
77588	Industrial type separators and collectors, and parts ¹	RO
77596	Power-driven presses ¹	RO
77699	Miscellaneous industrial manufacturing and service-industries machines, and parts ¹	RO
OFFICE, ACCOUNTING, AND COMPUTING MACHINES		
77626-77628	Electronic computers, related information processing machines, parts and accessories ¹	RO

See footnotes at end of table.

Schedule B No.	Commodity description	Area of control
TRACTORS, N.E.C., PARTS, AND ACCESSORIES		
78727-78891	Tracklaying tractors, and parts ¹	RO ²
AUTOMOBILES, TRUCKS, BUSES, AND TRAILERS, PARTS, ACCESSORIES, AND SERVICE EQUIPMENT		
79013-79067	Motor trucks and buses ¹	RO
79073-79078	Passenger cars and chassis, military.....	RO
79065-79114	Special purpose vehicles ¹	RO
79130-79133	Used vehicles ¹	RO
79136-79145	Trailers ¹	RO
79148-79277	Parts and accessories for automotive vehicles ¹	RO
AIRCRAFT, PARTS, AND ACCESSORIES		
79337-79355	Military aircraft, models C-46, C-47 and C-54.....	RO
79361-79379	Civil aircraft.....	RO
79381-79496	Aircraft parts and accessories ¹	RO
RAILWAY TRANSPORTATION EQUIPMENT		
79660-79698	Railroad cars equipped with liquefied gas containers ¹	RO
COAL-TAR AND OTHER CYCLIC CHEMICAL PRODUCTS		
80257	Diphenylamine.....	RO
80279	Fluoroalcohol esters of organic carboxylic acids boiling above 500° F.....	RO
80279	P-nitro-N-methylaniline.....	RO
80698	Miscellaneous finished coal-tar products ¹	RO
MEDICINAL AND PHARMACEUTICAL PREPARATIONS		
81398	Medicinal chemicals ¹	RO ²
CHEMICAL SPECIALTIES		
82085	Weed killers consisting primarily of boron compounds.....	RO
82591-82610	Synthetic resins in unfinished and semifinished forms, including scrap ¹	RO ²
82670	Cellulose acetate dielectric film ¹	RO
82740	Teflon paste.....	RO
82979	Additives for lubricating oils.....	RO
82986	Radioisotopes, compounds, and preparations ¹	RO
82992	Reagent chemicals ¹	RO ²
82996	Synthetic hydraulic fluids ¹	RO
82999	Miscellaneous chemical specialty compounds, n.e.c. ¹	RO ²
INDUSTRIAL CHEMICALS		
83285	Organo-fluorine compounds ¹	RO
83299	Miscellaneous organic chemicals ¹	RO
83440-83460	Lithium bromide; and lithium iodide.....	RO
83622	Boric acid and borates ¹	RO
83799	Sodium azide.....	RO
83850	Guanidine nitrate; and tetrazene.....	RO
83959	Bromine trifluoride; and chlorine trifluoride.....	RO
83973	Hydrogen peroxide or dioxide ¹	RO
83979	Metal salts of organic compounds ¹	RO
83990	Other industrial chemicals ¹	RO

See footnotes at end of table.

Schedule B No.	Commodity description	Area of control
PIGMENTS, PAINTS, VARNISHES, AND RELATED MATERIALS		
84280	Cobalt oxide pigments.....	RO
84380	Polytetrafluoroethylene finishes and enamels; and polytrifluorochloroethylene dispersion.	RO
EXPLOSIVES, BLASTING AGENTS, FUSES, AND BLASTING CAPS		
89070	Miscellaneous explosives ¹	RO ²
PHOTOGRAPHIC AND PROJECTION GOODS		
90638-90639	High-speed cameras, and parts and accessories, including lenses; micro-flash equipment. ¹	RO
SCIENTIFIC AND PROFESSIONAL INSTRUMENTS, APPARATUS, AND SUPPLIES, N.E.C.		
91495	Ion microscopes, and parts therefor ¹	RO
91650	Compasses and gyroscopic equipment, and parts ¹	RO
91972	Dosimeters capable of measuring dosages above 5 roentgens in one exposure; and parts and accessories.	RO
91980	Research laboratory apparatus and equipment, and parts, n.e.c. ¹	RO
ORDNANCE AND PYROTECHNICS		
94745	Parts for small arms ¹	RO
94819-94835	Brass, bronze, and copper components and parts for ammunition ¹	RO
MISCELLANEOUS COMMODITIES, N.E.C.		
98159	Manufactures of polytetrafluoroethylene and polytrifluorochloroethylene.....	RO
99000	Bayonets.....	RO

¹ All types of this commodity under this schedule B group are not on the Positive List. For detail of items included see Comprehensive Export Schedule issued Apr. 1, 1959, and amendments thereto.

² In general, the area of control indicated, either RO, or R, is applicable to these commodity classifications. However, certain specific commodities are under the other area of control.

VI

Supplementary Trade Tables

- A. U.S. Exports and Imports by Areas, 1947, 1950, 1953-58, and January-September 1959
 B. U.S. Exports to and Imports From Countries of Eastern Europe and the Soviet Bloc in Asia, 1947, 1950, 1953-58, and January-September 1959
 C. U.S. Exports to Eastern Europe by Principal Commodities, 1957, 1958, and January-September 1959
 D. U.S. Imports from Eastern Europe by Principal Commodities, 1957, 1958, and January-September 1959

Table A. U.S. Exports and Imports by Areas, 1947, 1950, 1953-58, and January-September 1959

[Millions of dollars]

Country	1947	1950	1953	1954	1955	1956	1957	1958	Jan.-Sept. 1959
Exports including reexports ¹									
Total.....	15,338	9,760	11,865	12,428	13,838	16,901	18,868	15,789	11,582
Canada, including Newfoundland.....	2,114	2,004	3,011	2,778	3,235	4,016	3,912	3,418	2,810
20 American Republics.....	3,858	2,670	2,966	3,273	3,228	3,768	4,587	4,060	2,630
Western Europe ²	5,410	2,934	2,906	3,400	4,187	5,173	5,697	4,463	3,168
Eastern Europe and Soviet bloc in Asia.....	693	72	2	6	7	11	86	113	69
Western Asia ³	215	222	280	289	353	402	407	420	336
Southern, southeastern, and eastern Asia.....	1,677	1,204	1,781	1,680	1,768	2,379	2,969	2,218	1,671
Africa.....	821	362	525	590	612	676	683	615	504
Other free world areas ⁴	550	292	364	412	448	476	547	492	404
General imports									
Total.....	5,756	8,852	10,873	10,216	11,384	12,615	12,982	12,830	11,257
Canada, including Newfoundland.....	1,127	1,961	2,462	2,377	2,653	2,894	2,907	2,687	2,178
20 American Republics.....	2,168	2,910	3,442	3,291	3,328	3,639	3,764	3,589	2,765
Western Europe ²	768	1,364	2,296	2,039	2,391	2,890	3,077	3,288	3,300
Eastern Europe and Soviet bloc in Asia.....	225	227	46	49	66	73	66	68	67
Western Asia ³	47	131	204	201	268	307	262	351	257
Southern, southeastern, and eastern Asia.....	833	1,360	1,412	1,260	1,598	1,682	1,722	1,647	1,658
Africa.....	327	494	593	605	619	597	587	561	444
Other free world areas ⁴	261	405	418	394	461	532	597	672	588

¹ Figures for 1950 and 1953-59 exclude "special category" exports which, for security reasons, may not be reported by destination. Data for 1950 and 1953-57 have been adjusted, however, to include detail for certain items removed from "special category" last year.

² Turkey is included with Western Europe and excluded from Western Asia.

³ Includes European possessions in the Western Hemisphere, Canal Zone, Gibraltar, and islands in the Mediterranean, Australia, New Zealand, and other Oceania.

⁴ Estimated total which includes adjustments for changes in statistical coverage resulting from the shift to new tabulating procedures during the year. Area figures, only partially adjusted, overstate imports in 1958 by approximately \$33 million.

Table B. U.S. Exports to and Imports From Countries of Eastern Europe and the Soviet Bloc in Asia, 1947, 1950, 1953-58, and January-September 1959

(Thousands of dollars)

Country	1947	1950	1953	1954	1955	1956	1957	1958	Jan.-Sept. 1959
Exports including reexports ¹									
Soviet bloc countries, total.....	608,461	72,109	1,776	6,127	7,046	11,245	86,105	112,580	66,955
Eastern European countries ²	339,857	26,759	1,776	6,121	7,043	11,245	86,096	112,575	66,962
Albania.....	4,556	199	2	5	126	24	(³)	130	684
Bulgaria.....	1,471	857	5	5	126	24	(³)	130	684
Czechoslovakia.....	49,094	10,532	40	1,005	2,177	765	2,004	1,476	1,887
East Germany.....	(³)	(³)	1,079	765	407	441	265	382	800
Estonia.....	8							7	
Hungary.....	12,859	3,476	2	2,476	788	2,006	5,320	1,664	911
Latvia.....							977		
Lithuania.....	16								
Poland and Danzig.....	107,705	8,964	622	1,588	3,103	3,722	78,080	104,630	59,496
Rumania.....	15,079	2,008	7	66	191	404	966	871	1,294
U.S.S.R.....	149,099	752	19	216	252	3,823	3,504	3,415	4,000
Asian countries ⁴	353,604	45,350		16	13		19	15	13
China including Manchuria.....				16	13		19	15	13
Outer Mongolia.....									
North Korea.....	(³)	(³)							
General imports									
Soviet bloc countries, total.....	234,947	237,080	46,129	49,424	65,656	72,754	65,626	68,170	66,787
Eastern European countries ²	108,242	80,563	36,438	42,407	55,805	65,453	61,332	63,573	61,975
Albania.....	8	45	65	8	80	198	105	94	112
Bulgaria.....	4,651	2,348	353	311	402	436	459	700	768
Czechoslovakia.....	23,210	26,606	2,262	3,074	3,823	5,980	7,911	7,787	8,233
East Germany.....	(³)	(³)	6,583	3,794	5,452	5,455	4,881	5,073	3,499
Estonia.....	(³)	(³)					2	1	(³)
Hungary.....	1,501	1,865	1,717	1,859	2,017	1,162	729	1,305	1,635
Latvia.....							263	6	13
Lithuania.....	(³)	2		1	5		1	(³)	
Poland and Danzig.....	1,335	11,126	14,266	21,570	26,622	27,402	29,998	29,683	25,306
Rumania.....	435	287	373	382	270	377	474	378	611
U.S.S.R.....	77,103	38,206	10,791	11,928	17,184	24,468	16,512	17,551	21,798
Asian countries ⁴	116,705	144,497	9,691	7,017	9,851	7,301	4,294	4,597	4,812
China including Manchuria.....			611	106	196	223	109	143	179
Outer Mongolia.....			9,080	6,849	9,656	7,078	4,185	4,453	4,633
North Korea.....	(³)	(³)				(³)		2	

¹ Exports exclude "special category" classes.² Data for 1947 and 1950 exclude trade with East Germany which was not reported separately prior to January 1953.³ Less than \$200.⁴ Data for 1947 and 1950 exclude trade with North Korea which was not reported separately prior to January 1953.⁵ Figures shown include printed matter under general license and shipments to diplomatic missions of friendly foreign countries.

NOTE.—Exports are shown by country of destination. Imports are credited to the country in which the merchandise was originally produced, not necessarily the country from which purchases and shipments were made. General imports represent merchandise entered immediately upon arrival into merchandising or consumption channels plus commodities entered into bonded customs warehouses for storage.

United States exports to North Korea were embargoed July 1950, and those to Communist China, Manchuria, and Outer Mongolia were embargoed the following December. On Mar. 1, 1951, general export licenses to Eastern European countries were revoked and the requirement of prior approval by license was extended to cover all exports to this area. Since mid-1954 the policy with respect to exports of nonstrategic goods to Eastern European countries has been liberalized to some extent. In particular, a less restrictive policy with respect to Poland has been pursued since August 1957. Pursuant to the Trade Agreements Extension Act of 1951, benefits of trade agreement tariff concessions were withdrawn from the U.S.S.R. and its satellites and an embargo was imposed on the importation of certain furs from China and the U.S.S.R. On Apr. 26, 1956, a general license, GLSA, was established authorizing the exportation without a validated license of certain commodities to Albania, Bulgaria, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Lithuania, Outer Mongolia, Poland and Danzig, Rumania and the U.S.S.R. except the maritime province.

Controls over imports of Chinese and North Korean merchandise are exercised by the Treasury Department under Foreign Assets Control Regulations issued Dec. 17, 1950. Under these regulations the importation of Chinese goods is prohibited without license by the Treasury Department, and it is against the present policy of that agency to license such imports. Some items of Chinese origin, however, continue to appear in

(Note for Table B continued on page 30.)

Table C. United States Exports to Eastern Europe by Principal Commodities, 1957, 1958, and January-September 1959

[Thousands of dollars]

Commodity	Total to Eastern Europe			Eastern Europe, excluding U.S.S.R. ¹			U.S.S.R.		
	1957	1958	Jan.-Sept. 1959	1957	1958	Jan.-Sept. 1959	1957	1958	Jan.-Sept. 1959
Total	86,096	112,575	68,952	82,592	109,180	64,862	3,504	3,415	4,080
<i>Domestic exports</i>									
Sausage casings, hog.....		279			279				
Dairy products.....	2,385	784	774	2,385	784	774			
Barley, except pearl barley.....		8,982	10,052		8,982	10,052			
Corn, except seed.....		2,585			2,585				
Rye.....		5,922			5,922				
Wheat.....	28,301	19,905	14,313	28,301	19,905	14,313			
Seed corn, except sweet seed corn.....	641	730	898	641	730	898			
Grains and preparations, other.....		809	3		809	2			1
Hides and skins, raw, except fur.....	800	3,089	1,606	468	2,808	1,501	332	261	105
Leather.....		2,071			2,071				
Tallow, inedible.....	9,872	3,439	3,324	7,804	3,439	3,324	2,068		
Oleomargarine and other edible fats and oils.....	(*)	5,650	2,774	(*)	5,650	2,774			
Rubber, synthetic.....	239	787	399	239	787	395			4
Soybeans.....	4,248	1,022	14	4,248	1,022	14			
Soybean oil, crude, inedible.....	590	929	3,455	590	929	3,455			
Seeds, except oilseeds.....	255	320	305	255	320	305			
Tobacco and manufactures.....	561	847	1,273	561	846	1,273		1	
Cotton, unmanufactured.....	23,321	25,008	10,687	23,321	25,003	10,687			
Wool rags and used clothing of wool.....	1,854	1,719	1,642	1,854	1,719	1,642			
Synthetic fibers and manufactures.....	126	2,746	934	125	2,746	620	1		314
Coal, bituminous.....	2,476	518		2,476	518				
Silicon carbide, crude and in grains.....		242	514		242	514			
Iron and steel-mill products.....	4,813	6,197	2,721	4,813	4,641	577		1,556	2,144
Electrical machinery and apparatus.....	87	498	185	29	483	178	58	15	7
Glassmaking, forming, and finishing machines and parts.....	559	1		559	1				
Machinery, industrial, other.....	534	5,579	5,267	215	5,232	4,151	319	347	1,116
Printing and bookbinding machinery.....	53	290	308	19	29	166	34	261	140
Machinery, agricultural, and tractors.....	181	328	58	45	310	24	136	18	34
Drugs and preparations.....	275	2,700	1,241	271	2,700	1,241	4		
Coal-tar products.....	252	925	499	22	367	499	230	558	
Chemical specialties.....	44	1,009	434	30	852	388	14	157	46
Industrial chemicals.....	60	204	471	11	201	443	49	3	28
Scientific and professional instruments, apparatus, and supplies.....	59	534	464	14	490	462	45	64	2
Private relief shipments.....	2,285	3,914	1,928	2,242	3,839	1,926	43	75	2
Other domestic exports.....	1,012	1,980	2,247	886	1,871	2,100	126	109	147
<i>Reexports</i>									
Wool rags.....	154			154					
Cameras.....		78	104			104			
Reexports, other.....	59		58	14	78	58	45		

¹ Includes exports to Estonia, Latvia and Lithuania.

* Less than \$500.

(Note for Table B continued from page 29.)

the statistical records of United States imports. For example, dutiable Chinese merchandise brought into the United States and stored in bonded customs warehouses prior to the effective date of the import control regulations is counted in import for consumption statistics at the time of withdrawal from warehouse. Duty-free merchandise permitted entry for customs inspection but subsequently rejected when determined to be of Chinese origin, may also be counted in the statistics. The figures may also include imports licensed to avoid undue hardship to firms and individuals who acquired the Chinese merchandise in good faith and imports, from third countries, of Chinese products in which all Chinese interests had ceased by Dec. 17, 1950. In United States import statistics, goods of Chinese origin are credited to China regardless of the country from which they came.

Table D. United States Imports From Eastern Europe by Principal Commodities, 1957, 1958, and January–September 1959

[Thousands of dollars]

Commodity	Total from Eastern Europe			Eastern Europe, excluding U.S.S.R. ¹			U.S.S.R.		
	1957	1958	Jan.–Sept. 1959	1957	1958	Jan.–Sept. 1959	1957	1958	Jan.–Sept. 1959
General imports, total	61,332	63,573	61,975	44,820	46,022	40,177	18,512	17,551	21,798
Imports for consumption, total ²	60,541	61,195	60,271	44,025	43,876	39,680	16,516	17,319	20,501
Meat and meat products.....	23,554	22,797	18,317	23,064	22,677	18,230	490	120	87
Fish and fish products, except shellfish.....	405	67	227	32	(³)	39	373	67	188
Vegetables and preparations.....	87	209	325	87	192	315	-----	17	10
Spices.....	280	614	952	280	609	950	-----	5	2
Beverages.....	142	231	147	139	224	141	3	7	6
Hides and skins, raw, except fur.....	211	267	674	211	267	674	-----	-----	-----
Leather manufactures.....	23	123	184	23	123	184	-----	-----	-----
Furs, undressed.....	5,805	6,784	7,546	169	496	2,330	5,636	6,288	5,216
Fur manufactures.....	171	71	184	168	71	184	3	-----	(³)
Bristles.....	366	458	451	236	215	255	130	243	196
Feathers, crude.....	696	863	887	687	863	887	9	-----	-----
Casein.....	66	1,252	1,157	66	1,252	1,157	-----	-----	-----
Licorice root.....	496	283	178	-----	-----	-----	486	283	178
Oilseeds.....	396	253	199	396	253	199	-----	-----	-----
Rose oil.....	187	391	259	187	391	259	-----	-----	-----
Cotton linters.....	601	419	501	-----	-----	-----	601	419	501
Cotton waste.....	119	137	96	-----	-----	-----	119	137	96
Flax, bamp, ramie, and manufactures.....	354	409	308	337	409	302	17	-----	6
Wool and fine animal hair, unmanufactured.....	524	615	525	524	615	507	-----	-----	18
Hair, other, and manufactures.....	170	123	117	28	11	13	142	112	104
Artificial fruit and flowers.....	508	756	642	508	755	642	-----	1	-----
Textiles and textile manufactures, other.....	180	26	103	81	26	44	99	-----	59
Wood manufactures.....	308	385	414	307	384	412	1	1	2
Glass, cylinder, crown, and sheet.....	152	408	417	152	398	400	(³)	10	17
Glass Christmas tree ornaments.....	509	563	417	509	561	417	-----	2	-----
Glass and glass products, other.....	1,197	1,324	1,310	1,197	1,317	1,310	-----	7	-----
Imitation precious and semiprecious stones.....	1,420	842	515	1,420	842	515	-----	-----	-----
Steel-mill products.....	294	323	471	293	318	466	1	5	5
Chrome ore.....	617	1,948	2,196	-----	-----	-----	617	1,762	2,196
Platinum.....	335	873	2,504	-----	186	-----	335	873	2,504
Palladium.....	-----	-----	919	-----	-----	399	-----	-----	590
Metalworking machinery and parts.....	142	91	334	143	91	334	-----	-----	-----
Typewriters.....	334	912	426	334	912	426	-----	-----	-----
Automobiles, new, including chassis.....	278	883	873	275	883	873	3	-----	-----
Bicycles and parts.....	262	811	596	262	811	596	-----	-----	-----
Vehicles, except agricultural, other.....	154	237	203	154	237	202	-----	-----	1
Benzene.....	11,169	7,531	8,918	4,861	1,675	1,214	6,296	5,856	7,704
Naphthalene.....	882	844	461	246	203	73	636	551	338
Pyridine.....	115	105	292	42	2	8	73	163	284
Coal-tar products, other.....	47	18	213	47	18	213	-----	-----	-----
Fertilizers and fertilizer materials.....	1,760	1,453	395	1,760	1,458	395	-----	-----	-----
Photographic goods.....	1,220	882	492	1,207	870	482	13	12	10
Musical instruments, parts, and accessories.....	163	145	52	160	142	48	3	3	4
Dolls, toys, and athletic and sporting goods.....	169	211	200	169	211	200	-----	(³)	(³)
Books, maps, and other printed matter.....	699	638	614	484	483	474	215	155	140
Artwork and antiques.....	320	221	246	307	207	237	13	14	9
Beads and beaded fabrics and articles.....	283	305	350	283	305	350	-----	-----	-----
Other imports.....	2,390	2,014	2,463	2,190	1,808	2,322	200	206	140

¹ Includes Estonia, Latvia, and Lithuania.² Commodity data are reported on the basis of imports for consumption.³ Less than \$500.

APPENDIX**Export Control Act of 1949**

(As extended by Public Law 85-466, 85th Congress)

AN ACT

To provide for continuation of authority for the regulation of exports, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export Control Act of 1949."

Findings

SEC. 1. (a) Certain materials continue in short supply at home and abroad so that the quantity of United States exports and their distribution among importing countries affect the welfare of the domestic economy and have an important bearing upon fulfillment of the foreign policy of the United States.

(b) The unrestricted export of materials without regard to their potential military significance may affect the national security.

Declaration of Policy

SEC. 2. The Congress hereby declares that it is the policy of the United States to use export controls to the extent necessary (a) to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand; (b) to further the foreign policy of the United States and to aid in fulfilling its international responsibilities; and (c) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security.

Authority

SEC. 3. (a) To effectuate the policies set forth in section 2 hereof, the President may prohibit or curtail the exportation from the United States, its Territories, and possessions, of any articles, materials, or supplies, including technical data, except under such rules and regulations as he shall prescribe. To the extent necessary to achieve effective enforcement of this act, such rules and regulations may apply

to the financing, transporting, and other servicing of exports and the participation therein by any person.

(b) The President may delegate the power, authority, and discretion conferred upon him by this act to such departments, agencies, or officials of the Government as he may deem appropriate.

(c) The authority conferred by this section shall not be exercised with respect to any agricultural commodity, including fats and oils, during any period for which the supply of such commodity is determined by the Secretary of Agriculture to be in excess of the requirements of the domestic economy, except to the extent required to effectuate the policies set forth in clause (b) or clause (c) of section 2 hereof.

Consultation and Standards

SEC. 4. (a) In determining which articles, materials, or supplies shall be controlled hereunder, and in determining the extent to which exports thereof shall be limited, any department, agency, or official making these determinations shall seek information and advice from the several executive departments and independent agencies concerned with aspects of our domestic and foreign policies and operations having an important bearing on exports.

(b) In authorizing exports, full utilization of private competitive trade channels shall be encouraged insofar as practicable, giving consideration to the interests of small business, merchant exporters as well as producers, and established and new exporters, and provisions shall be made for representative trade consultation to that end. In addition, there may be applied such other standards or criteria as may be deemed necessary by the head of such department, or agency, or official to carry out the policies of this act.

Violations

SEC. 5. In case of the violation of any provision of this act or any regulation, order, or license issued hereunder, such violator or violators, upon conviction, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment.

Enforcement

SEC. 6. (a) To the extent necessary or appropriate to the enforcement of this act, the head of any department or agency exercising any functions hereunder (and officers or employees of such department or agency specifically designated by the head thereof) may make such investigations and obtain such information from, require such reports or the keeping of such records by, make such inspection of the books,

records, and other writings, premises, or property of, and take the sworn testimony of, any person. In addition, such officers or employees may administer oaths or affirmations, and may by subpoena require any person to appear and testify or to appear and produce books, records, and other writings, or both, and in the case of contumacy by, or refusal to obey a subpoena issued to, any such person, the district court of the United States for any district in which such person is found or resides or transacts business, upon application, and after notice to any such person and hearing, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce books, records, and other writings, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (27 Stat. 443), shall apply with respect to any individual who specifically claims such privilege.

(c) No department, agency, or official exercising any functions under this act shall publish or disclose information obtained hereunder which is deemed confidential or with reference to which a request for confidential treatment is made by the person furnishing such information unless the head of such department or agency determines that the withholding thereof is contrary to the national interest.

Exemption From Administrative Procedure Act

SEC. 7. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237), except as to the requirements of section 3 thereof.

Quarterly Report

SEC. 8. The head of any department or agency or official exercising any functions under this act shall make a quarterly report, within 45 days after each quarter, to the President and to the Congress of his operations hereunder.

Definition

SEC. 9. The term "person" as used herein shall include the singular and the plural and any individual, partnership, corporation, or other form of association, including any government or agency thereof.

Effect on Other Acts

SEC. 10. The Act of February 15, 1936 (49 Stat. 1140), relating to the licensing of exports of tin plate scrap, is hereby superseded; but

nothing contained in this act shall be construed to modify, repeal, supersede, or otherwise affect the provisions of any other laws authorizing control over exports of any commodity.

Effective Date

SEC. 11. This act shall take effect February 28, 1949, upon the expiration of section 6 of the act of July 2, 1940 (54 Stat. 714), as amended. All outstanding delegations, rules, regulations, orders, licenses, or other forms of administrative action under said section 6 of the act of July 2, 1940, shall, until amended or revoked, remain in full force and effect, the same as if promulgated under this act.

Termination Date

SEC. 12. The authority granted herein shall terminate on June 30, 1960,¹ or upon any prior date which the Congress by concurrent resolution or the President may designate.

NOTE

The regulations issued under this legislative authority appear in Title 15, Chapter III, of the Code of Federal Regulations, in Parts 368 to 399, inclusive.

¹ This extension from June 30, 1968, reflects the amendment contained in Public Law 85-466, 85th Congress, approved June 26, 1968.

The CHAIRMAN. Mr. Secretary, I notice in the papers that recently you have licensed the export of a textile mill to Russia at a cost of about \$17 million, and also there has been some criticism of some technical data that has been licensed for export to Russia, and I want you to explain just what you have done in those cases.

Secretary MUELLER. Mr. Chairman, the act specifically limits the responsibility of the President, and by delegation the Secretary of Commerce, to proscribe the shipment of items that are of a strategic nature.

Now, I do not believe that by any stretch of the imagination you can consider textile machinery for the manufacture of cotton textiles a strategic item, and in line with our policy of not interfering with normal peaceful trade, we had no alternative but to grant a license for the export of such an item.

Now, as far as technical data is concerned, that same condition prevails; namely, we will absolutely deny the export of technical data on strategic items, which by our definition and our examination and our opinion are strategic, but we cannot deny the technical data—the export of technical data or designs or construction of plants in Russia, of nonstrategic items.

The CHAIRMAN. Is that the character of the data you have authorized to be exported to Russia?

Secretary MUELLER. That is all, sir. We have in no way licensed the export of data that would be of a strategic nature.

The CHAIRMAN. You are not exercising your authority now to stop exports of materials in short supply?

Secretary MUELLER. No, we are not, because frankly there is nothing at the present time in short supply that would affect us under the terms of the act.

As I indicated in my formal testimony, we watch these items, especially right now the aluminum scrap situation which has increased by a considerable margin, and we want to see whether that does have an effect on our economy. But we are not exercising any control.

The CHAIRMAN. How effective has your licensing been in actually preventing Russia's obtaining strategic materials? What control have you over these articles if you ship them to one of the countries not in the bloc, which might be reshipped behind the Iron Curtain?

Secretary MUELLER. We require written statements by the exporter and importer of such items to friendly countries in which they have agreed not to transship.

Now, again, that is probably our area of greatest concern with reference to possible violations, but we believe that we have been reasonably effective. I don't think we have been 100 percent effective because most of the free, friendly nations of the world today are in a position to offer almost the same type of commodities that we are, and also of technical data.

There is always a question as to who has the superior process. We feel in certain areas where it is demonstrated that the United States has a monopoly on a particular process and it has strategic value, that we should deny exports.

Now, we have a lot of argument with concerns who say, "We don't sell it to them, but they can get it from X country in Europe." I can name any one of them, all of whom have good techniques, good scientists, and good inventors. There is that problem, but we look at it,

I believe, in a very reasonable sort of way and are determined that we are not going to let the bloc have any item that we feel contributes to their military potential.

The CHAIRMAN. Do the free, friendly countries have a prohibition against such exports as we are attempting to exercise here?

Secretary MUELLER. Yes, they do.

The CHAIRMAN. All of them?

Secretary MUELLER. I think all of the NATO countries, except Iceland and including Japan, do, but their lists are not quite as comprehensive as ours. We have a committee called the COCOM Committee of those countries which meets periodically and determines the list of strategic items that will be denied to the Soviet bloc. Now, in addition to that list, we have some 75 or 80 additional groups of items on what we call our Positive List, so that we do control items that we haven't been able to convince our other friends should be controlled. We still go that much further than the so-called COCOM countries do, but we do it only in those areas where we feel we have an edge on the rest of the world, so to speak.

The CHAIRMAN. All you ask is an extension of the act that was passed in 1949 under the Truman administration?

Secretary MUELLER. That is right. I believe it has been amended at times, but we are asking for its extension without amendment.

The CHAIRMAN. You are exercising it solely for our national security?

Secretary MUELLER. Yes, sir.

Mr. KILBURN. I would just like to ask one question, Mr. Chairman. Most of these things are exported by big exporting firms; are they not?

Secretary MUELLER. No, I don't believe we could say most of them are.

Mr. KILBURN. By firms a large portion of whose business is exporting?

Secretary MUELLER. Yes.

Mr. KILBURN. So if you found these firms were indulging in some monkey business, you could deny them licenses and practically put them out of business?

Secretary MUELLER. That is right, and that is a very great deterrent.

Mr. BROWN. Mr. Secretary, I want to congratulate you on the excellent job you are doing.

What type of commodities does Russia ship to us?

Secretary MUELLER. There isn't a great deal that Russia has that we want. For instance, she wants to ship us furs. Well, there are certain furs that we deny by legislation, but there are a number of other types of furs that they could ship.

Our main source of supply of furs outside of what we are producing in our own country is Canada, our No. 1 customer.

Now, certainly it would not be very profitable for us to deny, or rather to take our trade in furs away from Canada and buy them from Russia, unless there was some very good reason as to quality, price, or something of that kind.

Another item or items she would like to ship us outside of caviar and vodka is chrome ore and manganese ore. Let us take chrome for example. We import all of our chrome but most of it comes from

Turkey. Now, Turkey is a very friendly country, and one whose economy we have been endeavoring to develop. Again, if we purchased our chrome from Russia, we wouldn't be able to buy it from Turkey and we would be hurting our friends if that were done.

The same way with manganese. Most of the manganese, I believe, we get from India, and again India is a country whose economy we are endeavoring to help. So that all of the items Russia has been able to develop so far of the things that we do import we could only import from them in competition with the imports from our friendly allies. So I can't see a great opportunity for extension of our imports from Russia.

If they develop something that is unusual, something unique, that we need in this country or that we feel would be to our advantage, that would be fine. We would have no objection to that.

The CHAIRMAN. How many violations of your orders have you discovered? I mean, where you have authorized export to a friendly country and found it reshipped to Russia?

Secretary MUELLER. Mr. Chairman, I am going to ask John Borton, who is the official in charge of the enforcement of this act, to answer that question specifically, if that is in order.

Mr. BORTON. Mr. Chairman, we have an administrative procedure under which firms which have been found after hearing to have been in violation of the act may be deprived of export privileges, and that action may go either toward a U.S. firm or toward the firm abroad.

As was indicated by Mr. Kilburn, this can deprive a firm of further participation in U.S. exports. So even a firm abroad, if it is active in buying U.S. goods, can be very seriously affected by such an order.

In addition to that administrative proceeding with respect to U.S. firms, there is, of course, the criminal procedure in the courts, and finally a warning letter which can be sent to a firm in the case of minor infractions.

The CHAIRMAN. About how many firms have been affected by that?

Mr. BORTON. We have at the present time about 400 firms or individuals who are currently under suspension. I would say a majority are foreign firms, but it is about evenly divided between the United States and foreign firms.

During the past 2 years there were 49 cases in which individuals or firms were denied export privileges.

Now, the suspension period may run from a short period of a week or two, to the duration of export controls. During the period of the last 2 years, since we last appeared before your committee, close to 50 percent of the suspensions have been for the duration of export controls.

Mr. WIDNALL. Mr. Secretary, do you have any way of pinning down where these violations occur, how the original order came about? Was it through solicitation of the American firm or was it through a request to the firm?

Secretary MUELLER. I think each case has to be investigated on its own merits. In other words, I don't believe there is any general pattern that would develop out of that, to indicate that this was something that was instigated by an American national as against being instigated by foreign nationals.

I would say from what Mr. Borton has just said here, from my own knowledge of it, that sometimes our exporters are tricked into un-

wittingly violating the act, so that I would say that, by and large, most of it is instigated by foreign importers in friendly countries who are tricking our own exporters into violations.

Mr. WIDNALL. Would you say up to the present time there is no evidence that any group or groups working within this country have been endeavoring to promote business behind the Iron Curtain in what you would call illegal shipments?

Secretary MUELLER. I do not believe there is such a group.

Mr. WIDNALL. Thank you, Mr. Secretary.

You have made a very good statement.

Mr. BARR. Mr. Secretary, as I look through this list of your violations, it seems there was a pattern that seemed to fall within three or four countries: Belgium, Holland, Switzerland, and it seemed Austria was running fourth in here.

Can you give us any reason for this pattern?

Secretary MUELLER. I am going to ask Mr. Borton to answer that question specifically because he has been charged with that enforcement.

Mr. BORTON. Yes, sir; I think I can answer that. If there has been any pattern, it changes from year to year.

Ten years ago, Hong Kong, if we had the figures for that year, would show as probably involved in 50 percent of the cases, but we eventually set up, through our consul general in Hong Kong and through the Hong Kong government, what we believe to be an effective program for the movement of U.S. goods into the colony of Hong Kong, with prohibition against their reexportation into Communist China.

Then for a while Tangier was the spot, and we eventually got that plugged. Our concern moves from area to area. At the present time we are having our major difficulties in Sweden, Switzerland, and some of the other areas that you have indicated. It is, however, a changing pattern. I don't think it would be right to say that there is an organized conspiracy, but it is just that the transshippers keep looking for spots where they are most likely to be successful, and it takes us a while to plug each loophole.

Mr. BARR. Thank you.

The CHAIRMAN. If there are no further questions, Mr. Secretary, you may stand aside.

Secretary MUELLER. Thank you very much.

The CHAIRMAN. Thank you for your fine statement.

The committee stands adjourned.

(Whereupon, at 10:55 a.m., the subcommittee adjourned, to reconvene at the call of the chairman.)

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